



Volume VIII

45th Issue

July - August 2017



TAX ADMINISTRATION REFORMS: ENHANCING THE REVENUE EFFORTS OF THE GOVERNMENT

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The comprehensive tax reform program that is being pushed ardently by President Rodrigo Duterte and his economic managers is anchored on two major reforms – tax policy and tax administration. The initial tranche of the entire tax proposal, which is pending in Congress, is embodied in Senate Bill No. 1408 and House Bill No. 5636, both known as the “Tax Reform for Acceleration and Inclusion (TRAIN)”. The measures seek to amend Republic Act No. 8424 or the National Internal Revenue Code (NIRC) of 1997, as amended, with the end in view of restructuring the income, VAT and other tax systems while earning additional revenues to finance the priority programs of the administration particularly on infrastructure, education, health and social protection.

In the next five years, after the first package of the TRAIN has been adopted and imposed, the government stands to lose around P961.8 billion while collecting a total of P2.045 trillion or gaining an additional net revenue of P1.083 trillion.¹ The estimated foregone revenues will be due to adjustments in income, estate and donor's tax rates while the bulk of the projected gross income will be generated mainly by increasing the excise tax for petroleum products, restructuring the current Value-Added Tax (VAT) system and adjusting the excise taxes on brand new automobiles and sugary food products.

Beyond the aforementioned tax policy adjustments, it is notable that the tax proposal is already cognizant of the significance of improved tax administration to the revenue-enhancing efforts of the government. In F.Y. 2022, projected cumulative income from refinements in certain tax administrative procedures will reach P354.2 billion.² Such amount is a substantial 17.32% of the expected total collections of the government from the first package of the tax reform program and a significant 54.4% and 53.8% of the estimated intake from VAT restructuring and petroleum excise tax increase, respectively. Moreover, it is even higher than the P259.6 billion revenue gain from the imposition of tax on sweetened food products and the P116.5 billion collections from excise tax on brand new vehicles.

¹ Estimates of the Department of Finance as submitted to the Senate Tax Study and Research Office (STSRO).

² Projected cumulative revenues from the period covering F.Y. 2018 to F.Y. 2022 as per DOF.

Efficient Tax Administration as Tool for Enhancing Government Revenues

The capacity of a government to finance its expenditure depends on the ability of a tax system to generate adequate revenue, which, in turn, depends on the efficiency and effectiveness of tax administration.³ In his 2015 study entitled, "Tax Administration in Developing Countries", Richard M. Bird suggests that weak tax revenue in most developing countries is a result of various reasons, which include inefficient tax administration, corruption and distrust from tax administration, and inefficient outcome that change taxpayers' attitude toward compliance.

A robust and sustainable tax system requires good tax administration.⁴ This can be enhanced through rationalization and reforms in the tax administration system. Tax administration reform is a process by which a government changes the existing administration pattern, tax laws and principles in order to enhance tax revenue collection.⁵ An ideal revenue strategy is interlinking tax policy reform with revenue administration reform.⁶ This coordinated, simultaneous effort can help countries avoid some of the time-consuming troubles of the past where policymakers would traditionally and often start with new tax policies and worry about administrative capacity later. By interlinking the two elements right away, countries can "leapfrog" to a more advanced development stage. This can be achieved by boosting the capacity of tax administration early in the reform process. This is essential to ensure both efficiency and compliance.

Several governments around the world have adopted tax administration reforms in order to increase government tax generated revenue. These include developed countries such as Canada, France, Germany, Japan, Spain, United Kingdom, USA and Germany. These reforms, as affirmed by the Organization for Economic Co-operation and Development (OECD), brought about the fruitful implementation of the tax reform program and a dramatic advancement in tax collection in many countries.

In Spain, it was confirmed that higher tax administration efficiency could lead to higher and sustained revenue generation. In particular, enforcement, prosecution, and tax auditing have resulted to an increase in the number of taxpayers from 1.7 million to 2.8 million between 1988 and 1991.

In Argentina, tax administration reform focusing on taxpayers monitoring in 1993 resulted to huge percentage increase in tax revenue. Started with a pilot test that monitored the behavior of 800 major taxpayers, the system is currently applied all over the

country's taxpayers and is adequate and efficient enough to monitor around 100,000 taxpayers (Owens 2006, cited by Pantamee and Mansor 2016).

France also increased its tax administration efficiency and revenue productivity through simplification of tax structure (James and Wallschutzky, 1997). The study further states that there is no reason for France to reform its existing tax system without simultaneously improving the tax administration. France believes that removal of loopholes, concessions, and exemptions can simplify tax administration and reduce evasion.

In Mauritania, it took a series of coordinated actions – with the help of the IMF – to simplify and improve its tax system while strengthening its tax administration. This strategy contributed to a remarkable increase in total government revenue, from about 20 per cent of GDP in 2009 to 28 percent in 2014.

Enhancing Tax Administration in the Philippines

Even prior to the initiatives undertaken by the Executive Department and Congress, which aim to support the enactment and implementation of President Duterte's tax reform program, the Department of Finance (DOF) and the Bureau of Internal Revenue (BIR) have already started to enforce in 2016 certain enhancements in the current tax administration procedures.⁷ This is anchored on the affirmation that efficient tax administration is indeed essential to the successful implementation of a rational tax policy; thus, a key component in augmenting the revenue efforts of the government.

The significance of a competent tax administration system to the tax collection efforts of the tax authority is reflected in the expenditure program of the national government. According to the BIR, the total average annual funding requirement for the operations of the entire bureaucracy is P1.7 trillion. Bulk or 38% of which would be sourced from tax administration (BIR and BOC); 28% from borrowings; 22% from tax policy; and 11% from budget reforms.

Along its efforts to improve tax administration, the priority thrust of the BIR is currently directed towards the attainment of collection targets, improvement of taxpayer satisfaction, revenue protection and recovery of the trust of the public in the agency. The following are the particular and major tax administration reforms being carried out by the BIR:

1. Strengthening the voluntary compliance of taxpayers and enforcement measures through nationwide comprehensive taxpayer profiling and industry benchmarking – to

³ Pantamee and Mansor, "A Modernized Tax Administration Model for Revenue Generation", International Journal of Economics and Financial Issues, 2016, 6(S7) 192-196.

⁴ Araki and Claus, "A Comparative Analysis of Tax Administration in Asia and the Pacific, Asian Development Bank (ADB), April 2014.

⁵ Ibid.

⁶ Lagarde, Christine, "Generating Public Revenue to Build Resilient Communities", International Monetary Fund (IMF), February 13, 2017, Dubai, UAE <https://www.imf.org/en/News/Articles/2017/02/12/Generating-Public-Revenue-to-Build-Resilient-Economies>.

⁷ Report of Assistant Commissioner Marissa Cabreros at the Public Hearing of the Senate Committee on Ways and Means on July 26, 2017.

- provide the BIR with a more scientific and fair means of identifying taxpayers targeted for audit and help in establishing a risk-based analysis to identify outliers or high-risk tax performance behavior as a target for audit as opposed to the usual random way of doing it;
2. Oplan Kandado – imposing sanctions/temporary closures of establishment for non-compliance of VAT law;
 3. Updating of Zonal Valuation – nationwide uniformed reference of valuation in consideration of DOF parameters;
 4. Continuous tax mapping operations;
 5. Utilization of exchange of information law to enhance tax administration – updating/amending domestic law (section 6F, NIRC) and upgrade from exchange upon request to automatic exchange of information. Government compliance to exchange of information is mandated through international tax treaties (41 tax treaties, 40 with exchange of information provision, Article 26) and the Exchange of Information Act starting in 2010;
 6. Streamlining of frontline services; simplification of tax forms; taxpayer segmentation program; expansion of electronic filing and payment facility; conduct of post evaluation/inventory of point of sale (POS) and cash register machines (CRM) to ensure proper reporting of sales

The passage of Republic Act No. 8792 or the Electronic Commerce Act of 2000 has enhanced further the tax administration reform efforts of the government. The law specifically mandates the creation of online filing and payment systems and requires certain government offices to transact government business electronically. The BIR was one of the government organizations that transitioned to electronic transactions, including electronic filing of documents and payments through electronic systems.

The BIR Website now gives taxpayers access to various online registration, filing, and payment systems for internal revenue taxes. These include the following services:

1. The **eReg** is the online facility for the issuance of Taxpayers Identification Number (TIN) for individual taxpayers, payment of annual registration fee, and issuance of Certificate of Registration (COR) for single proprietors, professionals and mixed income earners. The eREG may also be used by registered employers to secure a TIN on behalf of their employees.
2. The **eAccReg** allows the online accreditation of suppliers of cash register machines/point of sales (CRM/POS) machines and

the online registration of the CRM/POS machines by the supplier and the taxpayer-user.

3. The **eFPS** allows taxpayers to directly encode and file tax returns and pay their taxes online. Tax payment is accomplished through the bank debit system using the internet banking facilities of any BIR authorized agent bank (AAB) accredited to accept payment through eFPS. Over the years, the BIR expanded the types of taxpayers required to enroll in the eFPS to cover the following: large taxpayers; excise taxpayers; top 20,000 private corporate taxpayers; top 5,000 individual taxpayers; stockbrokers; insurance companies; government agencies/instrumentalities; local government units; contractors and/or suppliers transacting business with government; corporations with paid-up capital stock of P10 million; corporations with complete computerized system; government bidders pursuant to Executive Order 398; enterprises enjoying fiscal incentives granted by government agencies such as those registered with the PEZA, BOI, and other Special Economic Zones.
4. The **eBIRForms** may be used by taxpayers who are not required to enroll in the eFPS and their accredited tax agents (ATAs), as an alternative for preparing and filing tax returns easily and with enhanced accuracy. It consists of the offline package, a tax-preparation software that allows taxpayers and their ATAs to prepare tax returns offline, and the online package, a filing infrastructure for online submission of tax returns. However, as of this writing, the online package of the eBIRForms is still unavailable, as indicated in BIR Revenue Memorandum Order (RMO) No. 24-2013.
5. Under **eRELIEF**, corporate taxpayers submit through the BIR Web site their quarterly sales and purchases data which the BIR uses to estimate the VAT due to the BIR.
6. The **eSales** system allows the online reporting of the gross monthly sales of taxpayers that use CRM/POS machines in their business. Large taxpayers using CRM/POS machines for every sale are required to submit to the BIR a monthly sales report per machine through the BIR eSALES link.
7. The **eSubmission** facility enables taxpayers to electronically submit required attachments to tax returns such as Monthly Alphalist of Payees (MAP), Summary Alphalist of Withholding Tax (SAWT), and Summary List of Sales, Purchases and Importations (SLPI).

8. The **eORB** system is intended to replace the manual preparation and submission of ORBs by taxpayers dealing with articles subject to excise tax. The ORBs contain daily transactions of receipts and removals of regulated raw materials, goods-in-process and finished products. Pursuant to RR No. 3-2013, the eORB system shall initially cover the major tobacco companies that will be identified by the BIR. Subsequently, the eORB system shall cover other tobacco companies and other taxpayers liable for excise tax.
9. The **eDST** system, which is a Web-based application that is capable of affixing secured DST, is used by specific types of companies, such as banks and other financial institutions, shipping and airline companies, and educational institutions.
10. Even the application, processing, and approval of authority to print (ATP) official receipts and invoices will be fully automated under the online ATP system, which will soon be available, as stated in RR 18-2012 and Revenue Memorandum Order (RMO) 12-2013.
11. The BIR Website also contains a facility for airing complaints through the Electronic Complaint (**eComplaint**) service where taxpayers can file complaints related to non-issuance of official receipts, tax fraud or evasion, erring BIR officials and employees, and BIR transactions or services.
12. The BIR has other online systems meant to provide relevant information to taxpayers such as the Electronic Broadcasting Service (**eBroad**), and Electronic Report Card (**eReportCard**).
13. The **eBroad** was launched on Nov. 15, 2012 as a facility for confirming tax payments made to BIR through AABs within 48 hours.

Proposed Measures Adopting Tax Administrative Reforms

In the current 17th Congress, there are two (2) revenue bills filed and pending in the Senate and House of Representatives, which aim to adopt and implement the initial components of the comprehensive tax reform program of the President. These are Senate Bill No. 1408 and House Bill No. 5636, both known as the "Tax Reform for Acceleration and Inclusion (TRAIN)".

On May 31, 2017, HBN 5636 under Committee Report No. 229 was approved on 3rd and final reading by the House of Representatives. The measure is a consolidation of various bills embodying the first tranche of the tax reform packages, which seek to

adopt tax policy and tax administration modifications by amending R.A. No. 8424 or the National Internal Revenue Code (NIRC) of 1997, as amended.

Among the proposals under the Senate and House measures are those that seek to enhance tax administration with the end in view of addressing leakages and loopholes in the revenue collection system by augmenting the powers of the Bureau of Internal Revenue (BIR), institutionalizing electronic filing and reporting system and adjusting the threshold rates for bookkeeping/auditing as well as the penalties for tax evasion and other violations, among others.

In particular, the bills provide for tax administration reforms on the following provisions in the NIRC:

- a. Power of the Commissioner to obtain Information, and to summon, examine and take testimony of persons (Sec. 3, HB);
- b. Power of the Commissioner to make assessments and prescribe additional requirements for tax administration and enforcement (Secs. 4, HB; 3 SB);
- c. Keeping of book of accounts (Secs. 29, HB; 30, SB);
- d. Electronic receipts electronic sales or commercial invoices (Secs. 30, HB; 31, SB);
- e. Electronic sales reporting system (Secs. 31, HB; 32, SB);
- f. Fuel marking (Secs. 24, HB; 27, SB); and
- g. Penalties for the following acts:
 - Attempt to evade or defeat tax (Sec. 32, HB);
 - Failure or refusal to issue receipts or sales or commercial invoices (Sec. 33, HB);
 - Failure to transmit sales data entered on CRM/POS machines to the BIR's electronic sales reporting system (Sec. 34, HB and SB); and
 - Purchase, use, possession, sale or offer to sell, install, transfer, update, keep or maintain sales suppression devices (Sec. 35, HB and SB).

At the core of these administrative reforms are the proposed "Fuel Marking Program" and "Electronic Sales Reporting System". These flagship programs comprise the bulk of the projected additional revenues arising from the implementation of tax administration reforms within the next five (5) years.

In particular, fuel marking is aimed to minimize the opportunities for fuel smuggling and preventing fuel adulteration/dilution, thereby improving the collection of excise taxes on petroleum products. On the other

hand, the electronic sales reporting system is deemed to address leakages and fraud in VAT collections through automated, real-time exchange, verification and even audit of tax information between the various points of sales and the tax authority.

Conclusion

The various administrative reforms that are proposed under the Senate and House measures, known as the "Tax Reform for Acceleration and Inclusion (TRAIN)", are aimed to further revise the NIRC and align some of its provisions with recent tax laws, the ever changing context of international tax agreements, inflation and consumer price index (CPI), and the evolving sophistication of technology relative to tax management and administration. All these tax administrative modifications – centered on plugging leakages in VAT and excise tax on fuel – are deemed to complement the tax policy reforms being pursued by



Organizational Meetings of the Joint Congressional Oversight Committees on TIMTA, ODA, CMTA and CTRP.

In photos:

Sen. Win Gatchalian, Sen. Sonny Angara and Director General Atty. Rodelio T. Dascal, with the House Representatives: Rep. Dakila Cua, Rep. Manuel Sagarbarria, Rep. Alberto Ungab, Rep. Horacio Suansing, Jr. and Rep. Umali. (July 27, 2017, Photo: Bojnr).



16th Public Hearing on TRAIN Bills with focus on Sugar-sweetened Beverages Tax. Presiding the hearing is Sen. Sonny Angara, Chair of the Ways and Means Committee; Also in photo are Sen. Juan Miguel Zubiri; and Atty. Rodelio T. Dascal, Director General of STSRO. (August 24, 2017, Photo: bojnr)

the administration and are envisioned ultimately to be a key measure that would significantly augment the revenues of the government.

Considering the lesser costs at stake in the administration of fuel making, what is deemed as more complicated, tedious and costly is the implementation of an automated, real-time sales monitoring system. And with the BIR already offering various online and electronic services particularly eSALES – the process of reporting the gross monthly sales of taxpayers engaged in business using Cash Register Machines (CRM), Point of Sale (POS) System and other sales machines (OSM) or any other similar devices through different channels – what stands now as the most critical modification is the simultaneous and direct transmission and monitoring of sales information to the BIR at the same time and date of each sale transaction.

With various jurisdictions around the world confirming the need to close the gap between sales transactions from points of sales and its transmission

to the tax authority in order to reduce if not eliminate fraud and manipulation of information, the Philippines should likewise heed and eventually oblige. The challenge, though, remains with upgrading the IT capabilities of BIR personnel. With the advancement in technology in committing tax evasion and fraud, tax authorities should be equally equipped in detecting and addressing such crimes by acquiring relevant technical expertise.

Moreover, adoption of a real-time sales reporting system requires considerable effort and involves costs both to the taxpayers and the administration – in identifying the technology, selecting the devices, overseeing their deployment, installing the inter-connectivity between the BIR and point of sales, and monitoring their use to the affected taxpayers in addressing the requirements of the new rules.

Thus, the government should consider providing some form of subsidy to taxpayers to partially offset the additional costs that will be incurred for the program's implementation. The business sector, particularly the small and medium enterprises, could be willing to eventually comply but might not be capable enough to bear the brunt of the considerable costs needed to electronically link the massive VAT-registered industry to the servers of the BIR.



On Proposed Sugar-Sweetened Beverages (SSB) Tax under the Tax Reform for Acceleration and Inclusion (TRAIN) bills. -

"Again, we would like to give priority to those who are here for the first time and who would like to give their inputs ditto sa wide-reaching SSB tax. Sabi nga natin, ayaw natin ng per volume because we don't feel it is having the right types of incentives for manufacturers, for consumers. So we really prefer a per sugar content tax as much as possible.

"Iyong tanong na lang is, is it enforceable? And what are the correct brackets and levels of taxation? So iyon po." (August 24, 2017 - Committee on Ways and Means Public Hearing on TRAIN)



On Macro-economic aspects of TRAIN. -

"I think we agree with a lot of your points, but there is that recurring theme of being somewhat-some aspects being anti-poor. So I think there has to be a special discussion on poverty and alleviation measures and to increase the buy-in and acceptability also of some of the new impositions.

"In the stock market, I think maybe it's not a good gauge because it's not wide enough but I think definitely they will react well. But what is the engagement of the stock market? I think one half of 1 percent of the population. It's painfully small. Maybe also on employment, if we have any studies on - because we are affecting a lot of industries here, so I suppose there are a lot of jobs that might be affected. Do we have any figures on that Usec?" (August 17, 2017 - Committee on Ways and Means Public Hearing on TRAIN)

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Prepared by: Dir. Clinton S. Martinez, Legal and Tariff Branch

Donor's Tax in a Nutshell

by

Ms. Danica M. Tabajunda *
OJT - Dela Salle University - Dasmariñas

Gift/Donor's Tax

The gift tax is a tax on the privilege of transmitting one's property or property rights to another or others without adequate and full value consideration. The gift tax rates are comparatively lower than the counterpart rates in estate taxation that may thus provide an incentive for taxpayers to opt for the less onerous tax. On the part of the government, the reduction in revenue could well be made up by an earlier payment of the transfer tax (see Report of Tax Commission on National Internal Revenue Laws, Vol. 1, p. 63, Vitug and Acosta, Tax Law and Jurisprudence , p. 225).

The gift tax is not a tax on property as such but is an excise tax impose on the exercise of the donor's right during life to transfer property to others in the form of gift. (Umali: Reviewer in Taxation, 1980 Ed., p. 316).

Chapter II (Donor's Tax), Section 98 of the Tax Code provide:

- (A) There shall be levied, assessed, collected and paid upon the transfer by any person, resident or nonresident, of the property by gift, a tax, computed as provided in Section 99.
- (B) The tax shall apply whether the transfer is in trust or otherwise, whether the gift is direct or indirect, and whether the property is real or personal, tangible or intangible. (NIRC, as amended)

* Under the supervision of Dir. Clinton S. Martinez

The essential elements of a gift are:

1. A donor competent to make it;
2. A donee to accept it;
3. A clear and unmistakable intention on the part of the donor to make the gift;
4. The gift must be fully executed; and
5. There must be actual or constructive delivery of the gift to the donee or to someone else for him (*Ibid*)

Taxpayer and Tax Base

1. The donor's tax is imposed on the transfer by any person, resident or nonresident, of property by gift.
2. The taxable base is the fair market value of the total net gifts made by a donor during the calendar year (<http://www.ntrc.gov.ph>, viewed on July 03, 2017).

Procedures:

1. Who shall file -
Filed in triplicate by any person, natural or juridical, resident or non-resident, who transfers or causes to transfer property by gift, whether in trust or otherwise, whether the gift is direct or indirect and whether the property is real or personal, tangible or intangible.
2. When -
Within 30 days after gift/donation is made.
3. Where. -
Authorized Agent Bank (AAB) of the RDO having jurisdiction over the place of the domicile of the donor at the time of the transfer. If there is no AAB, it shall be filed directly with the Revenue Collection Officer or duly Authorized City or Municipal Treasurer where the donor was domiciled, or if there is no legal residence in the Philippines, with Revenue District (RD) No. 39 - South Quezon City. In the case of gifts made by a non-resident alien, the return may be filed in the same RD, or with the Philippine Embassy or Consulate in the country where donor is domiciled at the time of the transfer.

Philippine Council for NGO Certification (PCNC)

The PCNC accredits qualified donee institutions. It is a private voluntary, non-stock, non-profit corporation that will serve as a service organization whose main function is to certify non-profit organizations that meet established minimum criteria for financial management and accountability in the service to underprivileged Filipinos. (Revenue Regulations No. 2-2003, December 16, 2002)

Its objectives are:

- To provide a mechanism of certification for NGOs which meet established minimum criteria for greater transparency and accountability.
- To encourage private sector participation in social development through availment of incentives under the Comprehensive Tax Reform Program.
- simulate and integrate the efforts of the non-profit sector to elevate its standards of service delivery.
- To provide a system for greater GO-NGO collaboration and complementation. (<http://www.pcnc.com.ph/>)

Exemption of Certain Gifts under the Tax Code.

- The following gifts or donations shall be exempt from the tax:

1. (A) In the Case of Gifts Made by a Resident. -
 1. For the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision; and
 2. For educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization
2. (B) In the Case of Gifts Made by a Nonresident not a Citizen of the Philippines. -
 1. Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government.
 2. Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, foundation, trust or philanthropic organization or research institution or organization: Provided, however, That not more than thirty percent (30%) of said gifts shall be used by such donee for administration purposes. (Section 101)
3. **SEC. 800. Conditionally Tax and/or Duty-Exempt Importation.** -*The following goods shall be exempt from the payment of import duties upon compliance with the formalities prescribed in the regulations which shall be promulgated by the Commissioner with the approval of the Secretary of Finance: Provided, That goods sold, bartered, hired or used for purposes other than what they were intended for and without prior payment of the duty, tax or other charges which would have been due and*

payable at the time of entry if the goods had been entered without the benefit of this section, shall be subject to forfeiture and the importation shall constitute a fraudulent practice against customs laws: Provided, however, That a sale pursuant to a judicial order or in liquidation of the estate of a deceased person shall not be subject to the preceding proviso, without prejudice to the payment of duties, taxes and other charges: Provided, further, That the President may upon the recommendation of the Secretary of Finance, suspend, disallow or completely withdraw, in whole or in part, any conditionally free importation under this section: xxx

Department of Health (DOH) as the case may be.



4. (m) Imported goods donated to or, for the account of the Philippine government or any duly registered relief organization, not operated for profit, for free distribution among the needy, upon certification by the DSWD or the Department of Education (DepEd), or the

Effective January 1, 1998 to present (Republic Act No. 8424)

Net Gift Over	But not Over	The Tax Shall be	Plus	Of the Excess Over
	100,000.00	exempt		
100,000.00	200,000.00	0	2%	100,000.00
200,000.00	500,000.00	2,000.00	4%	200,000.00
500,000.00	1,000,000.00	14,000.00	6%	500,000.00
1,000,000.00	3,000,000.00	44,000.00	8%	1,000,000.00
3,000,000.00	5,000,000.00	204,000.00	10%	3,000,000.00
5,000,000.00	10,000,000.00	404,000.00	12%	5,000,000.00
10,000,000.00		1,004,000.00	15%	10,000,000.00
Source: https://www.bir.gov.ph				

Sample copy of Donor's Tax Return (BIR Form No. 1800)

(To be filled up by the BIR)
► DLN:

Donor's Tax Return

BIR Form No. **1800**
July, 1999 (ENCS)

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

1 Date of Donation ► <input type="text"/> <input type="text"/> <input type="text"/>	2 Amended Return? ► <input type="checkbox"/> Yes <input type="checkbox"/> No	3 No. of Sheets Attached ► <input type="text"/>	4 ATC ► D N 0 1 0		
Part I Background Information					
5 TIN (Donor) ► <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	6 RDO Code ► <input type="text"/>	7 Telephone Number ► <input type="text"/> <input type="text"/> <input type="text"/>			
8 Donor's Name(For Individual)Last Name,First Name,Middle Name/(For Non-Individual)Registered Name <input type="text"/>					
9 Registered Address ► <input type="text"/>	9A Zip Code ► <input type="text"/>				
10 Residence Address ► <input type="text"/>	10A Zip Code ► <input type="text"/>				
11 TIN (Donee) ► <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	12 Relationship of Donee to the Donor ► <input type="text"/>				
13 Donee's Name(For Individual)Last Name,First Name,Middle Name/(For Non-Individual)Registered Name <input type="text"/>					
14 TIN (Donee) ► <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	15 Relationship of Donee to the Donor ► <input type="text"/>				
16 Donee's Name(For Individual)Last Name,First Name,Middle Name/(For Non-Individual)Registered Name <input type="text"/>					
17 Are you availing of tax relief under a Special Law/ International Tax Treaty? ► <input type="checkbox"/> Yes <input type="checkbox"/> No	17A If yes, specify ► <input type="text"/>				
Part II Computation of Tax					
Particulars					
Stranger					
18 Personal Properties (From Schedule A) ► <input type="text"/>	18A ► <input type="text"/>	18B ► <input type="text"/>	Relative ► <input type="text"/>		
19 Real Properties (From Schedule B) ► <input type="text"/>	19A ► <input type="text"/>	19B ► <input type="text"/>	► <input type="text"/>		
20 Total Gifts in this Return (Sum of Items 18A & 19A/18B & 19B) ► <input type="text"/>	20A ► <input type="text"/>	20B ► <input type="text"/>	► <input type="text"/>		
21 Less: Deductions					
21A ► <input type="text"/>	21B ► <input type="text"/>	21C ► <input type="text"/>	► <input type="text"/>		
21D ► <input type="text"/>	21E ► <input type="text"/>	21F ► <input type="text"/>	► <input type="text"/>		
21G ► <input type="text"/>	21H ► <input type="text"/>	21I ► <input type="text"/>	► <input type="text"/>		
21J Total ► <input type="text"/>	21K ► <input type="text"/>	21L ► <input type="text"/>	► <input type="text"/>		
22 Total Net Gifts in this Return (Item 20A less 21K/20B less 21L) ► <input type="text"/>	22A ► <input type="text"/>	22B ► <input type="text"/>	► <input type="text"/>		
23 Add: Total Prior Net Gifts During the Calendar Year ► <input type="text"/>	23A ► <input type="text"/>	23B ► <input type="text"/>	► <input type="text"/>		
24 Total Net Gifts Subject to Tax (22A plus 23A/22B plus 23B) ► <input type="text"/>	24A ► <input type="text"/>	24B ► <input type="text"/>	► <input type="text"/>		
25 Tax Due Aggregate Tax Due (Sum of Items 25A & 25B) ► <input type="text"/>	25A ► <input type="text"/>	25B ► <input type="text"/>	► <input type="text"/>		
26 Less: Tax Credits/Payments					
26A Payments for Prior Gifts During the Calendar Year ► <input type="text"/>	26A ► <input type="text"/>	26B ► <input type="text"/>	► <input type="text"/>		
26B Foreign Donor's Tax Paid ► <input type="text"/>	26B ► <input type="text"/>	26C ► <input type="text"/>	► <input type="text"/>		
26C Tax Paid in Return Previously Filed, if this is an Amended Return ► <input type="text"/>	26C ► <input type="text"/>	26D ► <input type="text"/>	► <input type="text"/>		
26D Total Tax Credits/Payments (Sum of Items 26A to 26C) ► <input type="text"/>	26D ► <input type="text"/>	27 ► <input type="text"/>	► <input type="text"/>		
27 Tax Payable/(Overpayment) 28 Add: Penalties					
Surcharge ► <input type="text"/>	Interest ► <input type="text"/>	Compromise ► <input type="text"/>			
28A ► <input type="text"/>	28B ► <input type="text"/>	28C ► <input type="text"/>	28D ► <input type="text"/>		
29 Total Amount Payable/(Overpayment) (Sum of Items 27 & 28D) ► <input type="text"/>	29 ► <input type="text"/>				
In case of Overpayment, Mark one box only ► <input type="checkbox"/> To be Refunded <input type="checkbox"/> To be issued a Tax Credit Certificate					
I declare, under the penalties of perjury, that this return has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.					
30 Taxpayer/Authorized Agent Signature Over Printed Name	31 Title/Position of Signatory				
Part III Details of Payment					
Particulars	Drawee Bank/Agency	Number	Date MM DD YYYY	Amount	Stamp of Receiving Office and Date of Receipt
32 Cash/Bank Debit Memo.....			32 ► <input type="text"/>	► <input type="text"/>	
33 Check 33A 33B 33C 33D	33B ► <input type="text"/>	33C ► <input type="text"/>	33D ► <input type="text"/>	► <input type="text"/>	
34 Tax Debit Memo	34A ► <input type="text"/>	34B ► <input type="text"/>	34C ► <input type="text"/>	► <input type="text"/>	
35 Others 35A 35B 35C 35D	35B ► <input type="text"/>	35C ► <input type="text"/>	35D ► <input type="text"/>	► <input type="text"/>	
Machine Validation/Revenue Official Receipt Details (If not filed with the bank)					



Commissioner of Internal Revenue, Petitioner, v. Air Liquide Philippines, Inc., Respondent. (G.R. No. 210646, July 29, 2015, Mendoza, J)

FACTS:

This case involves the application of the rule on the timely filing of tax credit certificates with the Bureau of Internal Revenue (BIR). In this case, respondent Air Liquide Philippines, Incorporated (ALPI) filed its claim for tax credit certificate for its unutilized input VAT attributable to its transactions with PEZA-registered enterprises for the 4th quarter of 2007, with the BIR on December 23, 2009. Thereafter, on December 29, 2009 or "only six (6) days later, ALPI filed its petition for review with the CTA Division, without awaiting the resolution of its application for tax credit certificate or the expiration of the 120-day period under Section 112(C) of the National Internal Revenue Code (NIRC)."

The Court of Tax Appeals (CTA) Division dismissed the petition for failure of ALPI to observe the compulsory 120-day period. The Motion for Reconsideration (MR) of ALPI was denied. Hence it sought the opinion of the CTA En Banc. The latter reversed the CTA Division ruling mentioning the cases of *CIR v. San Roque*, *CIR v. Taganito* and *CIR v. Philex (San Roque)*. "In these cases, the Court recognized the legal effects of BIR Ruling No. DA-489-03, which stated that the "taxpayer-claimant need not wait for the lapse of the 120-day period before it could seek judicial relief with the CTA by way of Petition for Review." Thus, all taxpayers could rely on BIR Ruling No. DA-489-03 from the time of its issuance on December 10, 2003 up to its reversal by this Court in *CIR v. Aichi (Aichi)* on October 6, 2010, where it ruled that the 120+30-day period was mandatory and jurisdictional." The CIR's MR was denied.

ISSUE:

Whether or not the CTA division acquired jurisdiction over ALPI's petition for review.

HELD:

The Supreme Court (SC) decided that the petition lacks merit. Relying on previous cases on the same subject matter, the High Court stressed:

"San Roque clarified, once and for all, that BIR Ruling No. DA-489-03 was a general interpretative rule. Thus, all taxpayers can rely on the said BIR ruling from the time of its issuance on December 10, 2003 up to its reversal by this Court in Aichi on October 6, 2010, where it was held that the 120+30-day periods are mandatory and jurisdictional. In other words, the Aichi ruling was prospective in application."

"In the present case, ALPI can benefit from BIR Ruling No. DA-489-03. It filed its judicial claim for VAT credit certificate on December 29, 2009, well within the interim period from December 10, 2003 to October 6, 2010, so there was no need to wait for the lapse of 120 days prescribed in Section 112 (c) of the NIRC.

"X" "X" "X"

"To reiterate, San Roque, held that BIR Ruling No. DA-489-03 was a general interpretative rule because it was a response to a query made, not by a particular taxpayer, but by a government agency tasked with processing tax refunds and credits. Thus, it applies to all taxpayers alike, and not only to one particular taxpayer."

"The Court agrees with ALPI in its survey of cases which shows that BIR Ruling No. DA-489-03 was applied even though the taxpayer did not specifically invoke the same. As long as the judicial claim was filed between December 10, 2003 and October 6, 2010, then the taxpayer would not be required to wait for the lapse of 120-day period. This doctrine has been consistently upheld in the recent decisions of the Court. On the other hand, in Nippon Express v. CIR, Applied Food Ingredients v. CIR and Silicon Philippines v. CIR, the taxpayer did not benefit from BIR Ruling No. DA-489-03 because they filed their precipitate judicial claim before December 10, 2003.

"Indeed, BIR Ruling No. DA-489-03 is a general interpretative law and it applies to each and every taxpayer. To subscribe to the contention of the CIR would alter the Court's

ruling in San Roque. It will lead to an unreasonable classification of the beneficiaries of BIR Ruling No. DA-489-03 and further complicate the doctrine. ALPI cannot be faulted for not specifically invoking BIR Ruling No. DA-489-03 as the rules for its application were not definite until the San Roque case was promulgated.

"In the furtherance of the doctrinal pronouncements in San Roque, the better approach would be to apply BIR Ruling No. DA-489-03 to all taxpayers who filed their judicial claim for VAT refund within the period of exception from December 10, 2003 to October 6, 2010. Consequently, this case must be remanded to the CTA Division for the proper determination of the refundable or creditable amount due to ALPI, if any."

SCOR

Commissioner of Internal Revenue, Petitioner, v. Court of Tax Appeals and CBK Power Company Limited, Respondents. (G.R. Nos. 203054-55, July 29, 2015, Peralta, J.)

FACTS:

This case involves a petition for certiorari under Rule 65 of the Revised Rules of Court seeking to annul and set aside the Resolution of the Court of Tax Appeals (CTA), which declared petitioner in default "alleging that the failure to attend the pre-trial conference on November 3, 2011 was due to confusion in office procedure in relation to the consolidation of CTA Case No. 8246 with CTA Case No. 8302 since the latter was being handled by a different lawyer; that when the pre-trial conference was reset to December 1, 2011, petitioner's counsel, Atty. Sandico, had to attend the hearing of another case in the CTA's First Division also at 9:00 a.m., hence, he unintentionally missed the pre-trial conference of the consolidated cases." The Motion for Reconsideration (MR) of the Commissioner of Internal Revenue (CIR) was denied.

ISSUES:

Petitioner prays for the allowance of the remedial measure based on the ensuing grounds:

"(a) there is no plain, speedy and adequate remedy in the ordinary course of law but the filing of a petition for certiorari under rule 65;

"(b) public respondent gravely abused its discretion when it declared petitioner in default when clearly petitioner's counsel has been actively defending her cause; and

"(c) public respondent gravely abused its discretion when it declared petitioner in default as there was no intention on the part of petitioner to defy or refuse the order of the public respondent."

HELD:

The SC ruled in favor of CIR stating that: "Private respondent claims that petitioner chose an erroneous remedy when it filed a petition for certiorari with us since the proper remedy on any adverse resolution of any division of the CTA is an appeal by way of a petition for review with the CTA en banc; that it is provided under Section 2 (a)(1) of Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA) that the Court en banc shall exercise exclusive appellate jurisdiction to review by appeal the decision or resolutions on motions for reconsideration or new trial of the Court in division in the exercise of its exclusive appellate jurisdiction over cases arising from administrative agencies such as the Bureau of Internal Revenue."

The SC did not concur with this allegation, emphasizing that:

"In Santos v. People, et al. where petitioner argues that a resolution of a CTA Division denying a motion to quash, an interlocutory order, is a proper subject of an appeal to the CTA en banc under Section 18 of Republic Act No. 1125, as amended, we ruled in the negative and disposed the argument as follows:

"Petitioner is invoking a very narrow and literal reading of Section 18 of Republic Act No. 1125, as amended.

"Indeed, the filing of a petition for review with the CTA en banc from a decision, resolution, or order of a CTA Division is a remedy newly made available in proceedings before the CTA, necessarily adopted to conform to and address the changes in the CTA.

"There was no need for such rule under Republic Act No. 1125, prior to its amendment, since the CTA then was composed only of one Presiding Judge and two Associate Judges. Any two Judges constituted a quorum and the concurrence of two Judges was necessary to promulgate any decision thereof.

"The amendments introduced by Republic Act No. 9282 to Republic Act No. 1125 elevated the rank of the CTA to a collegiate court, with the same rank as the Court of Appeals, and increased the number of its members to one Presiding Justice and five Associate Justices. The CTA is now allowed to sit en banc or in two Divisions with each Division consisting of three Justices. Four Justices shall constitute a quorum for sessions en banc, and the affirmative votes of four members of the Court en banc are necessary for the rendition of a decision or resolution; while two Justices shall constitute a quorum for sessions of a Division and the affirmative votes of two members of the Division shall be necessary for the rendition of a decision or resolution." (Underscoring supplied)

The SC continued:

"Although the filing of a petition for review with the CTA en banc from a decision, resolution, or order of the CTA Division, was newly made available to the CTA, such mode of appeal has long been available in Philippine courts of general jurisdiction. Hence, the Revised CTA Rules no longer elaborated on it but merely referred to existing rules of procedure on petitions for review and appeals". It is, therefore, clear that the CTA en banc has jurisdiction over final order or judgment but not over interlocutory orders issued by the CTA in division."

The petition was granted and the CTA decision was set aside and case was remanded to Tax Court, "to give petitioner the opportunity to properly present her claims on the merits of the case without resorting to technicalities."

Public Hearings

July - August 2017



August 24, 2017 - 16th Public Hearing on TRAIN Bills with focus on Sugar-sweetened Beverages Tax. Presiding the hearing is Sen. Sonny Angara, Chair of the Ways and Means Committee. Also in photo are Sen. Juan Miguel Zubiri; Sen Joel Villanueva; Sen. Antonio Trillanes IV; and Atty. Rodelio T. Dascil, Director General of STSRO.



August 23, 2017 - 15th Public Hearing on TRAIN Bills with focus on Value-Added Tax Provisions and Repealing Clause. Presiding the hearing is Sen. Sonny Angara. With him is Atty. Rodelio T. Dascil, Director General of STSRO.



August 17, 2017 - 14th Public Hearing on TRAIN Bills with focus on macroeconomic aspect. Presiding the hearing is Sen. Sonny Angara, with Senate President Aquilino "Koko" Pimentel, Sen. Win Gatchalian, Minority Leader Sen. Franklin Drilon; and Atty. Rodelio T. Dascil, Director General of STSRO



August 10, 2017 - 13th Public Hearing on "Tax Reform for Acceleration and Inclusion" (TRAIN) Bills HBN 5636 and SBN 1408 focusing on Petroleum Products.

In photos: Sen. Risa Hontiveros, Sen. Win Gatchalian, Sen. Sonny Angara, Sen. JV Ejercito, Minority Leader, Sen. Franklin M. Drilon, and Director General - STSRO Atty. Rodelio T. Dascil.



August 2, 2017 - 12th Public Hearing on Tax Reform for Acceleration and Inclusion (TRAIN) bills

In photos: Sen. Franklin M Drilon, Sen. Win Gatchalian, Sen. Nancy Binay, Sen. Sonny Angara, and Director General Atty. Rodelio T. Dascil.



July 27, 2017 - Organizational Meetings of the Joint Congressional Oversight Committees on TIMTA, ODA, CMTA and CTRP

In photos:

Sen. Win Gatchalian, Sen. Sonny Angara and Director General Atty. Rodelio T. Dascil, with the House Representatives: Rep. Dakila Cua, Rep. Manuel Sagarbarria, Rep. Alberto Ungab, Rep. Horacio Suansing, Jr. and Rep. Umali.



July 26, 2017 - 11th Public Hearing on Deliberation/Discussion on the Administrative Provisions Under the "Tax Reform for Acceleration and Inclusion"(TRAIN) Bills.

In photos: Sen. Loren Legarda, Sen Win Gatchalian, Sen. Sonny Angara, Chairperson, Ways & Means, and Atty. Rodelio Dascil, Director General of STSRO.



July 12, 2017 - 10th Public Hearing on Value-Added Tax Provisions "Tax Reform for Acceleration and Inclusion"

In photos: Sen. Cynthia Villar, Sen. Win Gatchalian, Sen. Sonny Angara and Director General, Atty. Rodelio T. Dascil.



July 6, 2017 - Public Hearing of the Senate Committee on Ways and Means on the Estate Taxes, Donor's Taxes and Imposition of 8% GRT on Self-employed and Professionals.

Shown in photos are Sen. Sonny Angara, Minority Leader Sen. Franklin Drilon, Sen. Win Gatchalian, and Atty. Rodelio T. Dascil, Director General of STSRO



Hearing on Official Development Assistance (ODA),
August 15, 2017, 9:00 am. conducted by the
Committees on Economic Affairs and Finance.



Director General of STSRO, Atty. Rodelio T. Dascil, as resource person assisted by Director Rechilda Gascon. In said hearing, Sen. Risa Hontiveros said:

"Chair, I really appreciate na iyong the most comprehensive and sharp presentation so far today has been from STSRO". Xxx. so I really hope na iyong mga valued resource persons natin from the executive will be just as forthcoming. Xxx, then, I can see STSRO gives us quality substance to work on ."



TAXBITS is an official publication of the Senate Tax Study and Research Office (STSRO)
located at Rm. 524, Senate of the Philippines, Financial Center, Pasay City.

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