NATIONAL ADMINISTRATIVE REGISTER · MARCH 17, 1999

PRESCRIBING THE FILING OF RETURNS BY THOSE INDIVIDUALS EXEMPT FROM TAX AS PROVIDED UNDER SECTION 23 (B) AND (C) IN RELATION TO SECTION 51 (A) (2) (D) AND (A) (3) OF REPUBLIC ACT...

BIR REVENUE MEMORANDUM ORDER NO. 30-99, March 17, 1999

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I. Coverage and Purpose:

Pursuant to Section 23 (B) and (C) in relation to Section 51 (A) (2) (d) and (A) (3) of Republic Act 8424 (NIRC of 1997), this Revenue Memorandum Order is hereby promulgated for the benefit and guidance of our various non-resident citizens, overseas contract workers (OCWs), and foreign post abroad. This will govern all income earned by non-resident citizen from abroad beginning January 1, 1998.

II. Pertinent Provisions:

Section 22 (E) "The term 'non resident citizen' means:

> (1) A citizen of the Philippines who establishes to the satisfaction of the Commissioner the fact of his physical presence abroad with a definite intention to reside therein.
>
> (2) A citizen of the Philippines who leaves the Philippines during the taxable year to reside abroad, either as an immigrant or for employment on a permanent basis.
>
> (3) A citizen of the Philippines who works and derives income from abroad and whose employment thereat requires him to be physically present abroad most of the time during the taxable year.
>
> (4) A citizen who has been previously considered as non-resident citizen and who arrives in the Philippines at any time during the taxable year to reside permanently in the Philippines shall likewise be treated as a non-resident citizen for the taxable year in which he arrives in the Philippines with respect to his income derived from sources abroad until the date of his arrival in the Philippines.
>
> The taxpayer shall submit proof to the Commissioner to show his intention of leaving the Philippines to reside permanently abroad or to return to and reside in the Philippines as the case may be for the purpose of this Section."

Section 23 (B) "A non-resident citizen is taxable only on income derived from sources within the Philippines."

Section 23 (C) "An individual citizen of the Philippines who is working and deriving income abroad as an overseas contract worker is taxable only on income from sources within the Philippines: Provided, That a seaman who is a citizen of the Philippines and who receives compensation for services rendered abroad as a member of the complement of a vessel engaged exclusively in international trade shall be treated as an overseas contract worker."

Section 51 (A) (2) (d) "The following individuals shall not be required to file an income tax return:

(a) x x x x x x x x x

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(b) x x x x x x x x x

(c) x x x x x x x x x

(d) An individual who is exempt from income tax pursuant to the provisions of this Code and other laws, general or special.

Section 51 (A) (3) "The foregoing notwithstanding, any individual not required to file a return may nevertheless be required to file an information return pursuant to rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner."

III. Compliance and Administrative Procedures:

- Every person classified within the scope of this Revenue Memorandum Order, shall make an information return by accomplishing BIR Form 1701C or the new computerized Form 1703 properly labelling among others the appropriate "tax due space" as EXEMPT.

The accomplished BIR Form 1701C or new BIR Form 1703 whichever is applicable, together with other relevant supporting papers (e.g. Employer's Declaration of Income Earned, Financial Statements), shall be filed not later than April 15 following the taxable year, to the Foreign Post or the Revenue District Office which has jurisdiction over the place of residence of the taxpayer.

- The Foreign Posts shall in turn forward these returns to the Revenue District Office No. 51 - Pasay City for compilation/processing purposes.

- The respective Revenue District Offices receiving similar returns shall likewise process and file returns within their own premises.

- The Revenue District Offices concerned shall submit to the Chief, International Tax Affairs Division, an annual report consisting of statistical information covering the aforementioned returns for the preceding taxable year, as follows (Please refer to Annex A for the format of the report):

- Gross Income per country total and per type of income

- Number of filers according to the above classification

This report must be submitted not later than June 30 following the taxable year being reported.

IV. Repealing Clause:

All internal revenue issuances, or parts thereof, which are contrary to or inconsistent with this Order are hereby repealed, amended, or modified accordingly.

V. Effectivity:

This Order shall take effect immediately.

Adopted: 17 March 1999

(SGD.) BEETHOVEN L. RUALO
Commissioner of Internal Revenue

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