

## REPORTORIAL REQUIREMENT FOR ESTABLISHMENTS LEASING OR RENTING OUT SPACES FOR COMMERCIAL ACTIVITIES

*BIR REVENUE REGULATIONS NO. 12-2011, July 25, 2011*

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### Section 1. Objective

All taxpayers who are engaged in business are required by law to comply with the provisions of the National Internal Revenue Code of 1997, as amended (hereinafter referred to as the Code), particularly with the mandate that business activities must be registered with the Bureau of Internal Revenue (BIR). This requirement necessarily covers all owners or sub-lessors of commercial establishments/buildings/spaces who are leasing or renting out spaces, as well as their tenants who are engaged in commercial activities.

It has been noted, however, that in view of the nature of their business activities, "privilege stores" and other ambulant business tenants who lease such commercial spaces are unable or have failed to comply with the registration requirement of the Philippine tax system. Thus, such unregistered establishments are able to conduct business operations and earn income without paying the proper amount of taxes due. It is essential therefore, that the owners or sub-lessors of such commercial establishments/buildings/ spaces make sure that they are transacting only with BIR-registered taxpayers.

In this regard, these Regulations are hereby promulgated to ensure that all owners or sub-lessors deal only with BIR-registered taxpayers, to establish the procedure for the submission of essential information by the owners of commercial establishments/buildings/spaces, and to impose the appropriate sanctions to ensure observance and compliance thereof.

### Section 2. Responsibility and Reportorial Requirements of Owners of Establishments for Lease

It shall be the primary responsibility of all owners or sub-lessors of commercial establishments/buildings/spaces to ensure that the person intending to lease their commercial space is a BIR-registered taxpayer.

A BIR-registered taxpayer should have a Tax Identification Number, a BIR Certificate of Registration, and duly registered receipts, sales or commercial invoices in compliance with Section 236, 237 and 238 of the Tax Code.

Every 31<sup>st</sup> of January starting from the current year (for tenants as of Dec 31<sup>st</sup> of the previous year) and 31<sup>st</sup> of July starting from the current year (for tenants as of June 30<sup>th</sup> of the current year), all owners or sub-lessors of commercial establishments/buildings/spaces who are leasing or renting out such commercial space to any person doing business therein are hereby required to submit to the BIR Revenue District Office (RDO) where the commercial establishments/buildings/spaces are located the following information, under oath, in hard and soft copies:

- Building/space layout of the entire area being leased with proper unit/space address or reference;
- Certified True Copy of Contract of Lease per tenant; and
- The Lessee information Statement shall be presented in the prescribed format, as follows: (using Excel format: printed copy and soft copy stored in a CD-R)

## Information Statement (For Initial Filing)

Name of Owner/Lessor: \_\_\_\_\_ TIN: \_\_\_\_\_

Address: \_\_\_\_\_

## Tenant's Profile

As of (June 30, \_\_\_\_ ) or (Dec 31,

Location of Building/Space for Commercial Lease: \_\_\_\_\_

## Location

Name of Tenant

Total Leased Area

Monthly Rental

Start of lease (mm/dd/yyyy)

Duration/ Period of Lease

BIR Registration Profile

Floor/Unit No.

Tax Identification No. (TIN)

Authority to Print # for OR's/ Invoices

POS/ CRM Permit[\*]'

[\*] for taxpayers also using Point of Sale (POS)/Cash Register Machine (CRM) in dispensing receipts Lessee Information Statement (For Subsequent filing)

Lessee Information statement (For Subsequent filing)

Name of Owner/Lessor: \_\_\_\_\_ TIN: \_\_\_\_\_

Address: \_\_\_\_\_

## Tenant's Profile

As of (June 30, \_\_\_\_ ) or (Dec 31,

Location of Building/Space for Commercial Lease: \_\_\_\_\_

## i. New Tenants

## Location

Name of Tenant

Total Leased Area

Monthly Rental

Start of lease (mm/dd/yyyy)

Duration/ Period of Lease

BIR Registration Profile

Floor/Unit No.

Tax Identification No. (TIN)

Authority to Print # for OR's/ Invoices

POS/ CRM Permit[\*]'

[\*] for taxpayers also using Point of Sale (POS)/Cash Register Machine (CRM) in dispensing receipts ii. Terminated Tenants

ii. Terminated Tenants

Location

Name of Tenant

Tax Identification Number (TIN)

Total Leased Area

Monthly Rental

Date lease ended (mm/dd/yyyy)

Floor/Unit No

### Section 3. Monitoring of Compliance by the Revenue District Officers (RDOs)

- It shall be the responsibility of the BIR Revenue District Office (RDO) where the commercial establishments/buildings/spaces are located to monitor compliance with these Regulations.

Lessors may seek assistance with the Revenue District Officer (RDO) where the commercial establishments/buildings/spaces are located to verify correctness of TIN submitted by their tenants.

- Immediately upon receipt of the reportorial requirements prescribed in Section 2 hereof, the BIR Revenue District Office (RDO) where the commercial establishments/buildings/spaces are located must validate through

the BIR's Integrated Tax System (ITS) database the registration profile of the tenants as reported by the owners or sub-lessors of commercial establishments/buildings/spaces.

- The Revenue District Office (RDO) where the commercial establishments/buildings/spaces are located is likewise mandated to forward the report required under Section 2 hereof to the Revenue District Office (RDO) where the owner or sub-lessor of commercial establishments/buildings/spaces are registered. The said RDO must maintain its own database of said information for future audit and investigation activities.

#### Section 4. Penalty Clause

Every person subject to any internal revenue tax is required to comply with the Administrative Provisions of the Tax Code which include one's duty to comply with registration requirement, to issue receipts or sales or commercial invoices and to secure permit from the BIR for the authority to print receipts, sales or commercial invoices. Failure to do so shall subject such person to appropriate criminal sanction or penalty as provided for under the Tax Code.

All owners or sub-lessors of commercial establishments/buildings/spaces who fails to submit the reportorial requirements under Section 2 hereof or willfully submits false or falsified information or knowingly transact with taxpayers who are not duly registered with the BIR are subject to the penalty as provided under Section 255 of the Tax Code as follows:

SEC. 255. Failure to File Return, Supply Correct and Accurate Information, Pay Tax Withhold and Remit Tax and Refund Excess Taxes Withheld on Compensation. —Any person required under this Code or by rules and regulations promulgated thereunder to pay any tax, make a return, keep any record, or supply correct and accurate information, who willfully fails to pay such tax, make such return, keep such record, or supply such correct and accurate information, or withhold or remit taxes withheld, or refund excess taxes withheld on compensation, at the time or times required by law or rules and regulations shall, in addition to other penalties provided by law, upon conviction thereof, be punished by a fine of not less than Ten thousand pesos (P10,000) and suffer imprisonment of not less than one(1) year but not more than ten (10) years.

x x x

SEC. 267. Declaration under Penalties of Perjury. — Any declaration, return and other statement required under this Code, shall, in lieu of an oath, contain a written statement that they are made under the penalties of perjury. Any person who willfully files a declaration, return or statement containing information which is not true and correct as to every material matter shall, upon conviction, be subject to the penalties prescribed for perjury under the Revised Penal Code.

#### Section 5. Transitory Provision

The first filing of tenants profile will cover tenants as of July 31,2011. All owners/sub-lessors are required to comply with these regulations by submitting the following documents on or before September 1, 2011:

- Building/space layout of the entire area being leased with proper unit/space address or reference;
- Certified True Copy of Contract of Lease per tenant; and
- The Lessee Information Statement shall be presented in the prescribed format, as follows: (using Excel format: printed copy and soft copy stored in a CD-R)

Name of Owner/Lessor: \_\_\_\_\_ TIN: \_\_\_\_\_

Address: \_\_\_\_\_

Tenant's Profile

As July 31, 2011

Location of Building/Space for Commercial Lease: \_\_\_\_\_

Location

Name of Tenant

Total Leased Area

Monthly Rental

Start of lease (mm/dd/yyyy)

Duration/ Period of Lease

BIR Registration Profile

Floor/Unit No.

Tax Identification No. (TIN)

Authority to Print # for OR's/ Invoices

POS/ CRM Permit[\*]

[\*] for taxpayers also using Point of Sale (POS)/Cash Register Machine (CRM) in dispensing receipts

This information must be submitted under oath to the BIR Revenue District Office (RDO) where the commercial establishments/buildings/spaces are located, in hard and soft copies.

Section 6. Repealing Clause. All existing regulations and other issuances or portions thereof which are inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.

Section 7. Effectivity. These Regulations shall take effect after fifteen (15) days following its publication in a newspaper of general circulation.

Adopted: 25 July 2011

(SGD.) CESAR V. PURISIMA

Secretary of Finance

Recommending Approval:

(SGD.) KIM S. JACINTO-HENARES

Commissioner of Internal Revenue

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