

DELEGATION OF AUTHORITY TO REGIONAL DIRECTORS TO ISSUE CERTAIN RULINGS WITH ESTABLISHED PRECEDENTS

BIR REVENUE MEMORANDUM CIRCULAR NO. 3-2001, January 31, 2001

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I Authority of the Commissioner to Delegate Power Pursuant to Section 7 of the Tax Code of 1997

In order to expedite certain actions with established precedents, all Regional Directors, including those who are in acting capacity, are hereby given the authority to sign the following rulings, prepared by their respective Legal Divisions, issued to taxpayers under their respective jurisdictions following the latest precedent rulings and guidelines/pertinent issuances on the subject topic:

- Tax exemption on sale or disposition of principal residence under Section 24(D)(2) of the Tax Code of 1997 (RR 13-99, as amended by RR 14-2000);
- Tax exemption under Section 30 of the Tax Code of 1997, including tax exemption of nonstock, non-profit educational institutions;
- Tax exemption of cooperatives under R.A. No. 6938, as amended by RA 7716 and RA 8241;
- Tax exemption of senior citizens under R.A. No. 7432;
- Tax exemption of NHA and private sector participating in socialized housing, including participants in Community Mortgage Program under R.A. No. 7279, as implemented by Revenue Regulation No. 9-93, as amended by RR 11-97.
- Request for change of accounting period (except change of accounting method) under Section 46 of the Tax Code of 1997;
- Extension of time for the filing of estate tax return under Section 90(C) of the Tax Code of 1997 and payment of the estate tax under Section 91 thereof;
- Exemption from donor's tax under Section 101 of the Tax Code of 1997;
- Tax exemption of separation benefits of employees for any cause beyond their control under Section 32(B) (6)(b) of the Tax Code of 1997. (In case the separation of the official or employee from the service of the employer is due to sickness or other physical disability and the continuous employment and performance of his regular duties would endanger his physical well-being, a medical report to this effect, issued by a government hospital located within the jurisdiction of the Revenue Region, must be submitted by the taxpayer before the ruling shall be issued);
- Exemption from income tax and, consequently, from withholding tax of "De Minimis Benefits" as defined and discussed in RR 2-98, RR 3-98, RR 8-2000, and RR 10-2000, including;
 - 1) Exemption from the "withholding tax on wages" for monetized ten (10) day vacation leave credits for employees of private entities;

- 2) Exemption from the "withholding tax on wages" for monetized leave credits of government employees;
- Tax treatment of transfer to the condominium corporation of the common area of a condominium under R.A. 4726, otherwise known as "The Condominium Act";
 - Use loose-leaf invoices/receipts and book of accounts (manual).

It is provided, however, that if the taxpayer believes that the ruling issued is erroneous or that the request remains unacted after the lapse of a reasonable period of time, he/it may elevate his/its case to the Deputy Commissioner, Legal and Inspection Group, through the Assistant Commissioner Legal Service, for appropriate action.

II. Guidelines

1. All delegated cases/actions issued by the Regional Offices shall be numbered and dated by the Revenue Region in this manner:

Example;

First ruling issued by Revenue Region No. 1 on January 23, 2001 should be numbered as follows:

RDA-RR No. 1-Ruling No. 1-01

(New Ruling No.)

Date issued: January 23, 2001

BIR Ruling No. 2-98

(Precedent Ruling No.)

Date issued: January 8, 1998

2. All Regional Directors shall submit on a monthly basis a report of all the rulings issued on or before the 10th day of the month following the end of the preceding month using the herein prescribed format (Annex A*). The issued rulings may be subjected to compliance or management audit by the Deputy Commissioner, Legal and Inspection Group or his duly authorized representative. In case of showing of non-compliance with national office precedent rulings, said infraction shall be dealt with administratively following existing procedures. A report thereon shall be submitted to the Commissioner for his final disposition.

3. Every request for action filed before the Regional Office shall be accompanied by a sworn statement on "non-forum shopping" stating that such request has not been filed or previously acted upon by the National Office, signed by the taxpayer or his duly authorized representative.

4. The Commissioner or the Deputy Commissioner for Legal and Inspection Group may, *motu proprio*, reverse, revoke, modify or alter any such ruling issued by the Regional Office at any time after its issuance if he/she finds the same to be not in accordance with the established precedent rulings, but after due notice to the taxpayer and in accordance with Section 246 of the Tax Code of 1997, without prejudice, however, to administrative sanctions as already mentioned.

This Circular shall take effect immediately.

Adopted: 31 Jan. 2001

(SGD.) LILIAN B. HEFTI
Deputy Commissioner

Officer-in-Charge

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