NATIONAL ADMINISTRATIVE REGISTER · APRIL 8, 1998

RE-DEFINING THE TERM “LARGE TAXPAYERS”, MODIFYING THE CRITERIA FOR DETERMINING LARGE TAXPAYERS, AND PRESCRIBING THE TIME, PLACE AND MANNER OF FILING OF TAX RETURNS AND PAYMENT O...

BIR REGULATIONS NO. 1-98, April 08, 1998

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SECTION 1. Objectives — These regulations are hereby promulgated to:

1. Re-define the term "Large Taxpayers", in view of the passage of the Comprehensive Tax Reform Package under Republic Act No. 8424, also known as the Tax Reform Act of 1997;

2. Modify the criteria in determining Large Taxpayers in consideration of inflation, volume of business, wage and employment levels and similar economic factors pursuant to the provisions of Section 245 (j) of the National Internal Revenue Code (NIRC) of 1997;

3. Expand the selection of one thousand (1,000) Large Taxpayers initially identified under Revenue Regulations (RR) No. 12-93 (as amended by RR No. 3-94), to one thousand five hundred (1,500), at the outset, and provide for the continuous expansion of the selection, until such time that eighty-five percent (85%) of the Bureau's total collections shall have been captured and monitored through the database of Large Taxpayers; and,

4. Prescribe the time, place and manner of filing of tax returns and payment of taxes of Large Taxpayers in relation to the pertinent provisions of the NIRC and further amending RR No. 2-93 as amended by RR No. 3-94.

SECTION 2. Coverage —

1. The initial 1,500 Large Taxpayers to be identified and covered under these Regulations shall comprise those Large Taxpayers located within the following Revenue Regions:

1.1 Revenue Region No. 4, San Fernando, Pampanga;
1.2 Revenue Region No. 5, Valenzuela;
1.3 Revenue Region No. 6, Manila, with the exception of:
1.3.1 Revenue District No. 35, Romblon
1.3.2 Revenue District No. 36, Puerto Princesa, and
1.3.3 Revenue District No. 37, San Jose, Occidental Mindoro
1.4 Revenue Region No. _, Quezon City
1.5 Revenue Region No. 8, Makati City; and
1.6 Revenue Region No. 9, San Pablo City, with the exception of:
1.6.1 Revenue District No. 62, Boac, Marinduque; and
1.6.2 Revenue District No. 63, Calapan, Oriental Mindoro.

2. Large Taxpayers whose offices are not located in any of the aforementioned Revenue Regions, but who maintain branch offices in any of said Revenue Regions, may also be classified as Large Taxpayers, and shall be duly notified by the Commissioner of their status as such.

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3. Any taxpayer not located in or maintaining branch offices in any of the aforementioned Revenue Regions, but who may in the future, be classified as a Large Taxpayer and duly notified by the Commissioner of Internal Revenue of its status as such, shall be covered by these Regulations, and shall fall under the jurisdiction of the Large Taxpayers Offices that shall be created in other areas.

4. Additional Large Taxpayers may be selected and notified by the Commissioner of Internal Revenue, and covered by these Regulations.

5. Separate venues may also be designated by the Commissioner of Internal Revenue for the filing of tax returns and payment of taxes by said Large Taxpayers.

6. Once a taxpayer has been identified and notified of his/its status as a Large Taxpayer by the Commissioner of Internal Revenue, he/it shall continue to be classified as such, and shall therefore be covered by these Regulations, until otherwise notified.

SECTION 3. Criteria for Determination of Large Taxpayers — A "Large Taxpayer" is a taxpayer who has been classified as such, and has been duly notified by the Commissioner of Internal Revenue as having satisfied any or a combination of the following criteria:

1. As to tax payment:

a. Value-Added Tax (VAT) — Any taxpayer with net VAT paid or payable of at least P100,000 per quarter;

b. Excise Tax — Any taxpayer with annual excise tax paid or payable of at least P 1,000,000;

c. Income Tax — Any taxpayer with annual income paid or payable of at least P 1,000,000;

d. Withholding Tax — Any taxpayer with annual withholding tax payment/remittance for all kinds of withholding taxes (i.e., on compensation, expanded, final and government money payment) of at least P 1,000,000: (For taxpayers, business establishments and government offices with branches/units, the basis is the total annual taxes withheld by the Head Office and all the branches/units.)

e. Percentage Taxes — Any taxpayer with percentage taxes of at least P 100,000 per quarter; or

f. Documentary Stamp Taxes — Any taxpayer with aggregate annual documentary stamp taxes of at least P 1,000,000.

2. As to financial condition and results of operations:

a. Gross Sales/Receipts — Any taxpayer with total annual gross sales/receipts of P 1,000,000,000; and

b. Net Worth — Any taxpayer with a total Net Worth at the close of each calendar or fiscal year of at least P 300,000,000.

SECTION 4. Filing of Returns and Payment of Taxes —

1. Where to File and Pay:

All Large Taxpayers shall file all internal revenue tax returns, information returns or declarations, and other required documents at the Large Taxpayers Division, Ground Floor, BIR National Office Building; and pay the taxes thereon at either the Development Bank of the Philippines (DBP) or the Land Bank of the Philippines (LBP) branches located at the same place.

This constitutes an exception to the place of filing and payment as provided for in Sections 58, 77, 81, 114, 128, 130 and 200 of the NIRC.

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2. Modes of Payment:

Payments may be made only through any or a combination of the following modes:

2.1 Bank Debit Memo/Advice against the taxpayer's account with the DBP of LBP; and

2.2 Tax Debit Memo applied by the taxpayer against the unutilized portion of duly issued tax credit certificates for all taxes except for withholding taxes.

3. When to File and Pay:

3.1 Income Tax

3.1.1 Corporate Large Taxpayers shall file quarterly tax returns, and pay the taxes thereon, not later than sixty (60) days from the close of each of the first three (3) quarters of the taxable year, whether calendar or fiscal. The final return and the corresponding income tax shall be paid on or before the fifteenth (15th) day of the fourth (4th) month following the close of the calendar or fiscal year, as the case may be, in accordance with Sections 75, 76 and 77 of the NIRC.

3.1.2 Individual Taxpayers who may, in the future, be classified as Large Taxpayers and notified by the Commissioner of Internal Revenue of their status as such, shall file a declaration of their estimated income for the current taxable year on or before April 15 of the same taxable year, pursuant to Section 74 (A) of the NIRC, and shall file the tax returns and pay the taxes due in four (4) installments, with the first installment to be paid at the time of declaration and the second and third to be paid on August 15 and November 15 of the current year, respectively. The fourth installment shall be paid on or before April 15 of the following calendar year when the final adjustment return is due to be filed in accordance with Section 74 (B) of the NIRC.

3.1.3 In the matter of quarterly and final annual income tax returns, in case separate income tax returns are prepared for each operational unit (e.g. banks filing separate income tax returns for their regular banking operations, trust operations and foreign currency units), these taxpayers may continue to do so.

However, the returns shall be forwarded to the Head Office of the Large Taxpayer who shall file a consolidated return and pay the total income taxes due. The said Head Office shall prepare a covering schedule (Annex A) of all its units/departments showing the following information:

a. Quarter year covered;

b. Head office and unit names and addresses; and

c. Amounts of income taxes payable.

3.2 Withholding Tax Remittance and Information Returns

All withholding taxes of the Head Office and/or any branch/unit of a Large Taxpayer shall be covered by a consolidated return, and remitted within twenty five (25) days after the close of each month.

An accompanying schedule (Annex B) shall be attached to the return filed with the following information:

a. Month covered;

b. Name and addresses of Head Office and branches/units; and

c. Amount of withholding taxes to be remitted.

Annual information returns on final withholding taxes shall be filed on or before January 31 of the succeeding

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year, and for creditable withholding taxes, not later than March 1 of the year following the year for which the annual report is being submitted.

3.3 Value-Added Tax (VAT)

Monthly VAT declarations and quarterly VAT returns of Large Taxpayers shall be filed, and the taxes paid, not later than the 25th day following the end of each month and quarter, respectively, in accordance with Section 114 of the NIRC.

3.4 Other Percentage Taxes

Large Taxpayers who are presently preparing separate percentage tax returns shall file a consolidated return, and pay the aggregate percentage taxes due, within twenty five (25) days after the end of each taxable quarter subject to the pertinent provisions of Section 128 (A) of the NIRC. The Head Office shall prepare a schedule (Annex C) of all percentage tax returns of the branches/units with the following information:

a. Quarter/period covered;

b. Head office and branch/unit names and addresses; and

c. Kind and amount of percentage tax payable.

3.5 Excise Tax

Payments of Large Taxpayers, as indicated in the corresponding Authorities to Accept Payment (ATAPs) issued for excise taxes, shall be made before removal from the place of production or before release of the articles from the customs house subject to the pertinent provisions of Sections 130 (A) (2) and 131 (A) of the NIRC.

3.6 Documentary Stamp Taxes

Large Taxpayers shall pay their documentary stamp taxes within ten (10) days after the close of the month when the taxable document was made, signed, issued, accepted or transferred as provided under Sec. 200 B of the NIRC, by the filing of the documentary stamp tax returns, through purchase or actual affixture or by imprinting the documentary stamps through a documentary stamp metering machine.

3.7 Capital Gains Tax and Withholding Tax on Gains Realized on the Sale/Transfer of Property

A Large Taxpayer shall file capital gains and withholding tax returns, and pay the corresponding taxes, for gains from the sale or disposition of real property under Section 24 (D) or Section 27 (D)(5) of the NIRC, within thirty (30) days following each sale or disposition.

3.8 Capital Gains and Withholding Taxes on Gains Realized on the Sale/Transfer of Share of Stock

3.8.1 Large Taxpayers (Individuals) shall file capital gains and withholding tax returns, and pay the corresponding taxes, for gains from the sale or exchange of shares of stock not traded thru a local stock exchange as prescribed under Section 24(C) of the NIRC, within thirty (30) days following each transaction, and a final consolidated return on or before April 15, of each year covering all stock transactions of the preceding taxable year.

3.8.2 Large Taxpayers (Corporate) deriving capital gains from the sale or exchange of shares of stock not traded thru a local stock exchange as prescribed under Sections 24 (C), 25 (A)(3), 27 (E)(2), 28 (A)(7)(c), and 28 (B)(5)(c), shall file a return within thirty (30) days after each transaction, and a final consolidated return of all transactions during the taxable year on or before the fifteenth (15th) day of the fourth (4th) month following the close of the taxable year.

SECTION 5. Amendments to Selection Criteria — The Commissioner of Internal Revenue may recommend to the Secretary of Finance the amendment/modification to any or all of the criteria in the determination and selection of Large Taxpayers after considering such factors as inflation, volume of business, wage and employment levels, and similar economic factors.

SECTION 6. Repealing Clause — All rules and regulations or parts thereof inconsistent with the provisions of these regulations are hereby amended accordingly.

SECTION 7. Effectivity — These regulations shall take effect immediately.

Adopted: 8 April 1998

(SGD.) MILWIDA M. GUEVARA
Acting Secretary

Recommending Approval:

(SGD.) LIWAYWAY VINZONS-CHATO
Commissioner of Internal Revenue

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