TAX LAW FOR BUSINESS
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*BDB Law's "Tax Law for Business" appears in the opinion section of **Business Mirror** every Thursday.*

Overhaul of BIR

Even before the assumption of office by the new administration, many finance and tax officers from the private sector and other industry players were already clamoring for genuine tax reforms, which include ending corruption and promoting culture of honesty and integrity.

As response by the new administration, it disclosed during the Sulong Pilipinas workshop its eight-point economic agenda. And first on the list refers to reforms in tax-revenue collection efforts, complemented by reforms within the bureaucracy of tax-collecting agencies.

Now, given the above mandate, it is timely to look at some of the important new Bureau of Internal Revenue (BIR) issuances as we start doing business under the new administration. Here's a summary of them:

All revenue issuances issued within the period covering June 1 to 30, 2016, were ordered suspended. This covers Revenue Memorandum Circulars (RMCs) 26-2016, 61-2016, 62-2016 and 65-2016, and Revenue Memorandum Order (RMO) 28-2016. Topics discussed in the above-enumerated suspended issuances include: (1) Guidelines for handling disputed assessments and for issuing Final Decision on Disputed Assessment; (2) Guidelines for accounting and recording transactions involving “netting” or “offsetting; (3) Clarification on the proper tax treatment of “passed-on” Gross Receipts Tax; (4) Outright grant of preferential tax-treaty rates for dividends, interest and royalties, and new requirements for tax sparing; and (5) Clarification on the appropriate due date of filing of tax returns and payment of taxes in case the exact due date falls on a Saturday, Sunday, or a holiday: for electronic and manual tax filers and payers of taxes (RMC 69-2016).

Effective July 1, 2016, all field audit and other operations of the BIR relative to examinations and verifications of taxpayer’s books of accounts, records and other transactions are on hold (RMC 70-2016).

Previous RMOs 24-2016 and 25-2016 prescribing the investigation of parties in transactions involving the transfer/assignment of sale of properties were also revoked (RMO 38-2016).

Officials and employees in the BIR are now prohibited from accepting or soliciting gifts from the public or the private sector (RMO 40-2016).

For the new administration to have the opportunity to select its qualified personnel, all revenue travel assignments orders (RTAOs) issued within the period of June 1 to 30, 2016, were also recalled and revoked (RMC 71-2016).

However, the RTAOs involving presidential appointees are excluded from the general revocation (RMC 72-2016).

Finally, all paper and correspondence for the signature of the commissioner shall now be prepared under the name of Caesar R. Dulay (RMO 38-2016).

With the above issuances of the BIR, it appears that the agency has already been overhauled in response to the grievances of many taxpayers to end corruption. However, the writer would like to emphasize that the above issuances are not licenses for taxpayers to escape from their tax obligations. One must realize that taxes are what we pay for civilized society.

In the words of our Supreme Court, without taxes, the government would be paralyzed for lack of the motive power to activate and operate it. Hence, despite the natural reluctance to surrender part of one's hard income to the taxing authorities, every person who is able to must contribute his share in the burden of running the government.

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