

ADVISORY ON SUSPENSION OF TAX INCENTIVES

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Suspension of the Income Tax Incentives Granted to Registered Business Enterprises for Violating the Work-From-Home Threshold as Prescribed by the Fiscal Incentives Review Board	

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BUREAU OF INTERNAL REVENUE
REVENUE MEMORANDUM CIRCULAR
NO. 23-2022

ADVISORY

Suspension of the Income Tax Incentives Granted to Registered Business Enterprises for Violating the Work-From-Home Threshold as Prescribed by the Fiscal Incentives Review Board

Background

Registered Business Enterprises ("RBE") in the IT-BPM sector were allowed under FIRB Resolution Nos. 19-21 and 23-21 to continue implementing work-from-home ("WFH") arrangements without adversely affecting their fiscal incentives subject to the following conditions:

- The number of employees under WFH arrangement shall not exceed 90% of the total workforce (75% starting January 1, 2022 but maintained at 90% if the State of Calamity due to Covid-19 is extended beyond January 1, 2022);
- The number of laptops/equipment outside the ecozone should not exceed the number of employees under WFH arrangement;
- Bonds shall be posted to ensure payment of taxes if the equipment is not returned to the site after the WFH arrangement;
- Revenues from export as required shall be maintained; and
- The RBE shall comply with reportorial requirements and site inspection.

Coverage

The circular shall cover all RBEs in the IT-BPM sector who opted to continue implementing WFH arrangements amidst COVID-19 pandemic.

Further, for purposes of this circular, the term "total workforce" refers to the total employees that are directly or indirectly engaged in the registered project or activity of the RBE, but excludes third-party contractors, if any, such as service contractors rendering janitorial or security services and other similar services

Policy and Liability Provisions

Non-compliance with the provisions of FIRB Resolution Nos. 19-21 and 23-21 shall result in **suspension of the income tax incentive** on the revenue corresponding to the months of non-compliance and shall be **subject to income tax at the rate of 25% or 20%**, as the case may be, of the taxable net income corresponding to the months the RBE has violation. The computation of the income tax due shall be as follows:

Net taxable income for the year / 12 months
Multiply by the applicable rate (25% or 20%)
Income Tax Due

₱xxx.xx
x %
<hr/>
₱xxx.xx

The RBE shall be issued an LOA and subjected to audit if:

- There is no voluntary payment; or
- The voluntary payment is not sufficient.

Effectivity

This Circular shall take effect immediately until March 31, 2022.

Source:

[Revenue Memorandum Circular No. 23-2022](#)