

Revenue Regulations (RR) No. 1-2016: Amending certain provisions of RR No. 3-2005

BIR Revenue Regulations (RR) No. 1-2016 dated February 10, 2016 amends items 2, 3 and 4 of RR No. 3-2005.

Under this RR, the meaning of tax clearance was clarified as referring to the clearance issued by the Accounts Receivable Monitoring Division (ARMD) (formerly Collection Enforcement Division) attesting that the taxpayer has no delinquent account and has satisfied all other criteria for the issuance of Tax Clearance.

Likewise, it provides that a tax clearance valid for six (6) months from the date of issuance shall be issued to any applicant who has satisfied the following criteria:

- a. no unpaid annual registration fee;
- b. no open valid “stop-filer” cases;
- c. a regular user of the BIR’s Electronic Filing and Payment System (eFPS) for at least two (2) consecutive months prior to the application for Tax Clearance (new applicants only);
- d. no pending criminal charge with the Department of Justice or any competent court; and
- e. no delinquent account and/or judicially protested tax assessments with decision favorable to the BIR.

Unlike RR 3-2005, this RR now specifies the instances when the tax clearance may be issued as well as the limitations and qualifications as laid down in item 4. Most notable of which are as follows:

- a. For tax assessments timely protested administratively pursuant to the provisions of Revenue Regulations (RR) No. 12-99, as amended by RR No. 18-2014 and/or elevated to the Court of Tax Appeals (CTA) or to higher court within the prescribed period, and where the collection of the assessments are not yet considered final, executory and demandable, shall not be considered delinquent account.
- b. Applicants with tax assessments which were timely judicially protested but already covered by an earlier court decision favorable to the BIR and the same are subject of appeals or motions for reconsideration timely filed by the taxpayers, shall be issued Tax Clearance, provided an escrow deposit shall be made with any authorized agent bank equivalent to the tax liabilities being protested.
- c. For applicants with delinquent accounts but the tax liabilities involved were the subject of the applicant’s application for either abatement of penalties or compromise settlement pursuant to Section 204 of the Tax Code, Tax Clearance shall also be issued, provided, the applicant shall make an escrow deposit with any authorized agent bank equivalent to the tax liabilities, including the applicable delinquency penalties (net of the amount offered for payment upon application of the abatement or compromise settlement).

This RR shall be effective 15 days after February 11, 2016.

To access a copy of RR No. 1-2016, please click on the link below.

http://www.bdblaw.com.ph/index.php?option=com_dms&task=show_document&category_id=4&id=941&Itemid=164