

**[BIR REVENUE REGULATIONS NO. 17-2010,
November 26, 2010]**

**CONSOLIDATED REGULATIONS IMPLEMENTING REPUBLIC ACT
NO. 7646, AN ACT AUTHORIZING THE COMMISSIONER OF
INTERNAL REVENUE TO PRESCRIBE THE PLACE FOR PAYMENT
OF INTERNAL REVENUE TAXES BY LARGE TAXPAYERS AND
PRESCRIBING THE COVERAGE AND CRITERIA FOR
DETERMINING LARGE TAXPAYERS**

SECTION 1. Scope – Pursuant to the provisions of Sections 244 and 245 (j) of the National Internal Revenue Code of 1997 (NIRC), these Regulations are hereby promulgated in order to harmonize, consolidate and amend the rules relative to the implementation of Republic Act No. 7646, which authorizes the Commissioner of Internal Revenue (CIR) to prescribe the criteria for determining Large Taxpayers and to designate the venue for payment of internal revenue taxes by these taxpayers.

SECTION 2. Objectives - These regulations are hereby promulgated to:

2.1 Consolidate all issuances relating to the identification and administration of Large Taxpayers by incorporating and amending Revenue Regulations Nos. 1-98, 1-94, and 12-93, all issued pursuant to Republic Act Nos. 7646, and 8424, also known as the Tax Reform Act of 1997;

2.2 Modify the criteria in determining Large Taxpayers (LTs) after considering certain key factors such as inflation, volume of business, nature of business and affiliation, tax payments, financial condition and results of operation, wage and employment levels, and other economic factors;

2.3 Prescribe the process/criteria in enlisting/delisting Large Taxpayers by:

- a. Automatic classification of candidates;
- b. Application of criteria as to other taxpayers (i.e., tax payments, financial condition and results of operation);

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 Service; and

2.4 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 pursuant to related revenue issuances.

SECTION 3. Definition of Terms - For purposes of these Regulations, the following terms and/or phrases shall be defined as follows:

3.1 Affiliate shall refer to a corporation that is directly or indirectly, through one or more intermediaries, controlled by, or is under the common control of another corporation. It may include, 1) interlocking directorate or ownership; 2) common interest among members of the family; 3) sharing of employees, equipment, and/or facilities.

3.2 Conglomerate is a combination of two or more corporations engaged in entirely different businesses together into one corporate structure, usually involving a parent company and a subsidiary/ies.

3.3 Consolidation is the union of two or more corporations into one corporate body, after which the constituent corporations cease to exist. Assets and liabilities of the constituent firms are absorbed by the new company.

3.4 Control is the power of a parent corporation to direct or govern the financial and/or operating policies of an enterprise so as to obtain benefits from its activities.

3.5 Group of Companies refers to corporations that are related to one another as parent corporations, subsidiaries, affiliates and conglomerates.

3.6 Merger is a combination of two companies where one is completely absorbed by another. The surviving corporation assumes all the rights, privileges, and liabilities of the merged corporation.

3.7 Multinational Enterprise (MNE) shall refer to a foreign company doing business in the Philippines that is part of a group of companies with business establishments in two or more countries.

3.8 Parent is a corporation which has control over another corporation directly or indirectly through one or more intermediaries.

3.9 Spin-offs shall refer to a situation when a parent corporation organizes a subsidiary corporation, to which it transfers a portion of its assets in exchange for all the subsidiary's capital stock.

3.10 Subsidiary shall mean a corporation more than fifty (50%) of the voting stock of which is owned or controlled directly or indirectly through one or more intermediaries by another corporation, which thereby becomes its parent corporation.

SECTION 4. POLICIES AND COVERAGE -

4. 1 A Large Taxpayer is a taxpayer, regardless of its location in the country, which has been classified and notified in writing by the CIR as one that has satisfied the criteria for determining large taxpayers.

4.2 Separate venues for the Luzon, Visayas and Mindanao areas may be designated by the CIR for the filing and payment of taxes by said Large Taxpayers.

4.3 Taxpayers classified and notified as Large Taxpayers by the CIR shall continue as such, and shall be covered by these Regulations, unless notified by the CIR in writing of its delisting.

4.4 The CIR will conduct periodic review on the coverage, and any, or all of the criteria in the enlisting/delisting of Large Taxpayers, taking into consideration such factors as inflation, volume of business, nature of business and affiliation, tax payments, financial condition and results of operation, wage and employment levels, and other economic factors.

4.5 The following taxpayers shall be automatically classified as candidate to be a Large Taxpayer and will be notified in writing as such by the CIR:

- a. All branches of a taxpayer under the Large Taxpayers Service;
- b. Subsidiaries, affiliates and entities of conglomerates/group of companies of a large taxpayer initially listed as of the effectivity of this Regulations;
- c. The surviving company, in case of merger/consolidation involving a large taxpayer;
- d. Any corporation that absorbs the operation/business in case of spin-off/s of any large taxpayer;
- e. Corporations with an authorized capitalization of at least P300 million registered with the Securities and Exchange Commission (SEC);
- f. Multi-national enterprises (MNEs) with an authorized capitalization or assigned capital of at least P300 million;
- g. Publicly-listed corporations;
- h. Universal, Commercial and foreign banks;

The Regular Banking Unit (RBU) and the Foreign Currency Deposit Unit (FCDU)/Offshore Banking Unit (OBU) of a bank shall be considered as one taxpayer for purposes of classifying it as a Large

Taxpayer, even if the said units are assigned different Taxpayer Identification Numbers (TINs);

i. Taxpayers with an authorized capitalization of at least P100 million belonging to the following industries: Banks, Insurance, Telecommunication, Utilities, Petroleum, Tobacco and Alcohol.

j. Corporate taxpayers engaged in the production of metallic minerals.

4.6 Additional Large Taxpayers may be selected and notified by the CIR, and covered by these Regulations, such as but not limited to taxpayers not yet listed in Section 4.5(b) above.

4.7 Taxpayers already classified and notified as Large Taxpayer by the CIR are mandatorily covered by the Electronic Filing and Payment System (EFPS) in filing and paying their internal revenue tax liabilities, including the accompanying schedules and attachments as prescribed under existing revenue issuances.

4.8 All withholding tax remittances and information returns of the Head Office and/or any branch/unit of a Large Taxpayer shall be contained in a consolidated return.

4.9 All existing LTs must have adopted, and be maintaining, a working and duly-accredited Computerized Accounting System (CAS) by 31 December 2010. Newly-identified LTs, on the other hand, must have adopted, and secured the accreditation of, the required CAS within six (6) months after having been officially notified, in writing, of their status as LTs.

SECTION 5. Criteria for Determination of Large Taxpayers, in Addition to Taxpayers Enumerated Under Section 4.5 – A taxpayer shall be classified as candidate to be a Large Taxpayer and will be notified in writing as such by the CIR if it satisfies any or a combination of the following criteria:

5.1 AS TO TAX PAYMENT:

a. Value-Added Tax – Any taxpayer with net VAT paid or payable of at least P200,000.00 per quarter for the preceding year;

b. Excise Tax – Any taxpayer with an annual excise tax paid or payable of at least P1 million for the preceding year;

c. Income Tax – Any taxpayer with annual income tax paid or payable of at least P1 million for the preceding year;

d. Withholding Tax – Any taxpayer with annual withholding tax payment/ remittance from all types of withholding taxes (i.e. on compensation, expanded, final and government money payments) of at least P1 million (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 paid or payable of at least P200,000.00 per quarter for the preceding year;

f. Documentary Stamp Taxes – Any taxpayer with aggregate annual documentary stamp taxes of at least P1 million; or

5.2 As to financial condition and results of operation:

a. Gross Sales/Receipts – Any taxpayer with total annual gross sales/receipts of at least P1 billion for the preceding year;

b. Net Worth – Any taxpayer with a total Net Worth at the close of each calendar or fiscal year of at least P300 million;

c. Gross Purchases – Any taxpayer with total annual gross purchases of at least P800 million for the preceding year;

d. Top corporate taxpayers listed and published by the Securities and Exchange Commission (SEC).

SECTION 6. Filing of Returns and Payment of Taxes by Large Taxpayers -

6.1 Where to File and Pay –

All Large Taxpayers shall electronically file (e-file) all internal revenue tax returns, including other required documents, and electronically pay (e-pay) taxes due thereon thru Electronic Filing and Payment System (EFPS) pursuant to existing revenue issuances. All information returns, declarations, documents and other attachments to such returns required to be filed, including the Summary List of Sales and Purchases (SLSP), Summary List of Importation (SLI), Summary Alphalist of Withholding Tax Agents (SAWT), Monthly Alphalist of Payees (MAP), Alphalist of Regular Suppliers, Inventory List, etc. shall be in electronic submission (e-submission)/electronic attachment (e-attachment) in the prescribed format under existing revenue issuances.

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.