

**[BIR REVENUE REGULATIONS NO. 11-2000,
December 12, 2000]**

**REGULATIONS PRESCRIBING THE REGISTRATION AND THE
MANNER OF FILING OF INCOME TAX RETURNS AND PAYMENT OF
INCOME TAX, IF ANY, OF MARGINAL INCOME EARNERS WITH
GROSS SALES/RECEIPTS NOT EXCEEDING P100.000.00 DURING
ANY TWELVE (12) MONTH PERIOD**

SECTION 1. Scope - Pursuant to Section 244 of the National Internal Revenue Code of 1997 and in relation to Revenue Memorandum Circular No. 4-98 dated January 21, 1998, these Regulations are hereby promulgated to establish the policy and the guidelines in the registration of marginal income earners and the filing of their income tax returns and payment of the tax, if any.

SEC. 2 Policy - It is the declared policy of the State to free the people from poverty through policies that promote full employment, rising standard of living and an improved quality of life. Towards this end, the gross sales/receipts of marginal income earners, as herein defined, shall be subject to the special tax treatment as prescribed by these Regulations. For this purpose, marginal income earners shall be given the opportunity to register with the Bureau of Internal Revenue, with no charge and without complying with the usual documentary requirements, and in the process afford them the chance to be included within the mainstream of registered taxpayers.

SEC. 3. Marginal Income Earners - "*Marginal income earners*" shall refer to individuals not otherwise deriving compensation as an employee under an employer-employee relationship but who are self-employed and deriving gross sales/receipts not exceeding P100,000.00 during any 12-month period. Under this qualification, the activities of such marginal income earners are considered principally for subsistence or livelihood. As such, they are exempt from the 10% Value Added Tax (VAT) and any percentage tax imposed under the National Internal Revenue Code of 1997 since they are not considered engaged in trade or business with a view to profit for which these business taxes are imposed. Moreover, they are not required to pay any registration fee although they are required to register as taxpayers for being a possible income tax and withholding tax filers.

SEC. 4. Tax Compliance Requirements - "*Marginal income earners*", who are possible income tax filers and recipients or payors of income payments subject to withholding tax and registered with the Bureau of Internal Revenue, shall be entitled to the following privileges and minimum tax compliance requirements:

A. Compliance to Registration and Bookkeeping Rules -

(1) Exemption from the payment of registration fee as prescribed under Sec. 236(B) of the Tax Code upon registration with the Bureau of Internal Revenue after