

[BIR Revenue Regulations No. 3-2015, March 09, 2015]

IMPLEMENTING THE PROVISIONS OF REPUBLIC ACT NO. 10653, MORE PARTICULARLY ON THE INCREASE OF THE TOTAL AMOUNT OF EXCLUSION TO P82,000.00 FOR 13TH MONTH PAY AND OTHER BENEFITS FROM GROSS INCOME, EFFECTIVELY FURTHER AMENDING THE PERTINENT PROVISIONS OF REVENUE REGULATIONS NO. 2-98

*Adopted: 09 March 2015
Date Filed: 24 March 2015*

SECTION 1. SCOPE. - Pursuant to the provisions of Section 4 in relation to Section 244 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to implement the provisions Republic Act (RA) No. 10653, "An Act Adjusting the 13th Month Pay and Other Benefits Ceiling Excluded from the Computation of Gross Income for Purposes of Income Taxation, Amending for the Purpose Section 32 (B), Chapter VI of the National Internal Revenue Code of 1997, As Amended", more particularly on the increase of the total amount of exclusion to Eighty Two Thousand Pesos (P82,000.00) for thirteenth (13th) month pay and other benefits from gross income, further amending, in effect, the pertinent provisions of Revenue Regulations No. 2-98.

SEC. 2 AMENDATORY PROVISION ON REVENUE REGULATIONS NO. 2-98. - The amount of Thirty Thousand Pesos (P30,000.00), specifically referring to the total amount of 13th month pay and other benefits as one of the exclusions from gross compensation income received by an employee prescribed under the pertinent provisions, including the example computations, of Revenue Regulations (RR) No. 2-98, as amended, is hereby increased to "Eighty Two Thousand Pesos (P82,000.00)", pursuant to the provisions of RA No. 10653.

Accordingly, the amount of P82,000.00 shall ONLY apply to the 13th month pay and other benefits prescribed under the provisions of Section 2.78.1.(B)(11) of RR No. 2-98, as amended, and shall in no case apply to other compensation received by an employee under an employer-employee relationship, such as basic salary and other allowances. Further, it must be emphasized that this exclusion from gross income is not applicable to self-employed individuals and income generated from business.

SEC 3. TRANSITORY PROVISIONS. - The amount of P82,000.00 shall apply to the 13th month pay and other benefits paid or accrued beginning January 1, 2015.

For the effective implementation of these Regulations, all taxpayers- employers shall ensure the correct computation and application of the said increase on the 13th