TAX MANAGEMENT ASSOCIATION OF THE PHILIPPINES, INC.

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TMAP appeals new ITR forms

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The **Tax Management Association of the Philippines (TMAP)** submitted to the Ways and Means Committee of the House of Representatives on February 25, 2014 its position paper on BIR Revenue Regulations (RR) No. 2-2014, which prescribes the new ITR forms to be used for calendar year 2013 and to be filed this April 15, 2014. The position paper was in response to the public hearing called by the Committee last February 17, 2013 questioning said regulation.

RR 2-2014 introduced new income tax forms per class of taxpayer with barcodes and information requirements that are designed for ease of scanning and retrieval of information by the BIR. However, this same regulation also imposed additional restriction on deductions and prescribed supplementary information requirements for which TMAP raised the following points in its position paper:

- The **Mandatory Itemized Deduction** for corporate and individual taxpayers which are exempt, or with income subject to preferential tax rates, or with mixed income (exempt and subject to preferential rates) has no legal basis as Section 34(L) of the Tax Code explicitly allows optional standard deduction (OSD) as a deduction for those subject to regular income tax under the Tax Code.
- The BIR re-introduced the **Supplemental Information Requirement** disclosure on gross income/receipts subjected to final tax, sale/exchange of real property, sale/exchange of shares of stock, and other income subjected to final tax. TMAP, together with other professional and business organizations, previously filed a position paper to ask for the withdrawal of Revenue Memorandum Circular (RMC) 40-2011, which originally required the supplemental information, due to lack of legal basis, privacy concerns, the Bank Secrecy Law and administrative difficulties. TMAP reiterates its position for RR 2-2014.
- The **Additional Information Requirement** on external auditor/accredited tax agent, revenues, cost of sales and other taxable income, balance sheet accounts, and top 20 stockholders, partners or members are redundant as these information are already disclosed in the audited financial statement and notes, which are required to be attached to the ITR and submitted to the BIR. The additional disclosures impose unnecessary burden to taxpayers, which will not necessarily result to additional tax collections for the BIR.

In view of all these issues, TMAP proposed the following measures to Congress:

- Withdrawal of Section 5 of RR -2014 which imposes the mandatory itemized deduction
- Exclusion of supplemental information requirement from the ITR forms
- Deferment of the use of the new ITR forms to give sufficient time to educate the taxpayers
- Simplification of the new ITR forms, especially for self-employed individual taxpayers

TMAP is an association of tax consultants and corporate tax practitioners, which aims to professionalize tax practice and provide a channel by which the private sector may actively participate in the drafting of tax laws, rules and regulations. TMAP seeks greater fairness in the tax system by upholding taxpayer rights and promoting taxpayer responsibilities in order for the Philippines to achieve higher level of compliance among taxpayers.