

MEMORANDUM CIRCULAR No. 2016-004
Series of 2016

TO: ALL BOARD OF INVESTMENTS (BOI) REGISTERED BUSINESS ENTITIES (RBEs)

SUBJECT: SUPPLEMENTAL GUIDELINES ON BOI REGISTERED BUSINESS ENTITIES' COMPLIANCE TO JOINT ADMINISTRATIVE ORDER NO. 1-2016, OTHERWISE KNOWN AS THE "IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 10708 (TAX INCENTIVES MANAGEMENT AND TRANSPARENCY ACT)"

WHEREAS, Joint Administrative Order (JAO) No. 1-2016, otherwise now as the Implementing Rules and Regulation of Republic Act No. 10708 (Tax Incentives Management and Transparency Act) was approved on 23 June 2016 and published on 06 July 2016;

WHEREAS, Section 2, Rule 2 of JAO No. 1-2016 provides that RBEs availing of incentives administered by the Investment Promotion Agencies (IPAs), shall file with their respective IPAs their Annual Tax Incentives Report within one (1) month from the statutory deadline for filing of the Final Adjustment Return for Income Tax and payment of tax due thereon, if any.

NOW THEREFORE, in order to effectively carry out the intent and purposes of RA 10708, the Board, in its meeting of 31 August 2016, by virtue of Resolution No. 24-28, Series of 2016, with a quorum duly present, adopted the following supplemental guidelines on JAO No. 1-2016:

I. Who shall File

Only Registered Business Entities (RBEs) availing of incentives are mandated to submit the Annual Tax Incentives Report (Annex A.1 and Annex A.2) to their respective Investment Promotions Agency (IPA). Thus, the following are no longer required to submit the Annual Tax Incentives Report:

- a. International organizations invoking tax treaties or international agreements to which the Philippines is a signatory;
- b. Business entities registered with an IPA but are not qualified for incentives;
- c. Business entities registered with an IPA that are qualified for incentives but have not availed or applied for any incentive during the taxable year;
- d. Business entities registered with an IPA but are no longer availing any incentives after their incentives entitlement period;
- e. Business entities registered with an IPA that utilize special or preferential treatment by virtue of Free Trade Agreements; and

- f. Regional or Area Headquarters and Regional Operating Headquarters under Book III of Executive Order No. 226, as amended by Republic Act No. 8756.

II. Form

The Annual Tax Incentives Report shall be submitted in both hard and electronic copies. The electronic copy shall be in Excel format and stored in a Compact Disc (CD).

The RBEs shall print the said electronic copy and have it **NOTARIZED**.

RBEs are required to submit to BOI both the notarized copy as well as the electronic copy stored in a CD of the Annual Tax Incentives Report. The CD shall be labeled as follows: **Company Name, Registered Project, C. R. No.**

A sample of a completed Annual Tax Incentive Report form with corresponding descriptive notes is attached for your reference.

III. Authorized Signatory

The Annual Tax Incentives Report shall be certified by any officer of the corporation accompanied by a Secretary's Certificate reflecting that the said officer is authorized to represent the corporation.

IV. Where to File

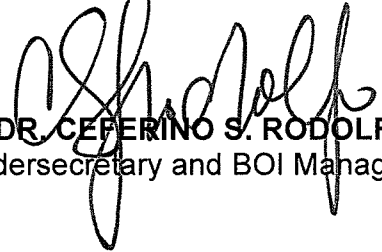
All RBEs shall file their Notarized Annual Tax Incentives Report with the (i) Incentives Service (IS) of the BOI Central Office or (ii) with the BOI Extension Office.

V. Effectivity

This Circular shall take effect immediately following its publication in a newspaper of general circulation and filing of three (3) copies hereof with the Office of the National Administrative Register (ONAR) University of the Philippines (UP) Law Center, Diliman, Quezon City pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.

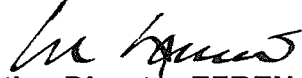
13 September 2016. Makati City, Philippines.

BY AUTHORITY OF THE BOI BOARD


DR. CEFERINO S. RODOLFO
Undersecretary and BOI Managing Head

SECRETARY'S CERTIFICATE

This is to certify that Memorandum Circular No. 2016-004 has been approved by the BOI through Board Resolution No. 24-28 dated 31 August 2016.



Executive Director EFREN V. LEÑO
Board Secretary

Who are required to submit Annual Tax Incentives Report for RBEs

ANS.: RBEs who are registered with tax incentives are required to submit Annual Tax Incentives Report under Annexes A.1 and A.2

Annex A.1

Column (A) Registration No. refers to the registration number indicated in the Certificate of Registration (CR) issued by the BOI

Column (B) Date of Registration refers to the date of CR

Column (C) Registered activities/Actual Activities refer to the registered activity indicated in the CR

Column (D) ITH Extension (Y or N) If Y whether Expansion or Bonus Year - If ITH is an extension of 4-year or 6-year indicate Y and also state whether it is an Expansion or Bonus year per registered activity

Column (E) Entitlement Period of Tax Incentives - Start- refers to the date of commercial operation when it started the 1st year ITH entitlement per registered activity

Column (F) Entitlement Period of Tax Incentives - End - refers to the last date of the ITH entitlement or 4th year if it's a 4-year ITH; 6th year if it's a 6-year ITH; per registered activity

Column(G) Net Sales - Net Sales per registered activity

Column(H) Cost of Sales - Cost of Sales per registered activity

Column(I) Gross Income - Net Sales minus Cost of Sales per registered activity

Column (J) Net Taxable Income - Gross Income minus administrative/marketing expenses per registered activity

Column (K) Tax Rate - refers to the preferential income tax rate or 0% for ITH

Column (L) Income Tax Otherwise Due - Special Rate - Not Applicable or N/A

Column (M) Income Tax Otherwise Due - ITH - to compute for the tax due under the regular CIT rate which is 30%

Column (N) Income Tax Paid - Not Applicable or N/A

Column (O) Net Tax Relief - same amount with Column M

Column (P) Other Income Tax Incentives - Indicate other income tax incentives claimed, if there's any, under EO 226

Column (Q) Total Tax Incentives Claimed - Net Tax Relief plus Other Income Tax Incentives

Annex A.2

Column (A) Registered Activity/Actual Activities refer to the registered activity indicated in the CR

Column (B) Date of Registration refers to the date of CR-or current CR if subject to renewal

Column (C) Description Raw Materials/Inputs, CE, Motor Vehicle, Consumer Goods refer to the description of duty exempt imported Capital Equipment (*a general description of the set of imported capital equipment may be provided*)

Column (D) District Ports & Number of Import Entries/Admission Entry refers to the Port of Entry of the exempt importation with the corresponding total number of Import Entries (for 2015 and 2016 reports)

Column (E) and (F) Volume of Imports- Quantity & Unit of Measure refers to the volume of cargo in kilograms

Column Value of Imports in US\$ refers to the FOB value in dollars, commonly used in shipping documents or arrived at by deducting other factors such as freight and/or insurance

Column Value of Imports in Php refers to the Total Dutiable Value in Peso which is the basis for the computation of Duties and Taxes

Columns (G) & (J) Direct Import - refers to the dutiable value of the exempt imported Capital Equipment directly sourced from foreign suppliers

Columns (H) & (K) Customs Bonded Warehouse (CBW) - Not Applicable or N/A

Columns (I) & (L) Interzone Transfer - Not Applicable or N/A

Column (M) Tax and Duty Waived from Direct Import -Duty refers to amount of Duties that should have been collected on imported Capital Equipment

Columns (N) & (O) Tax and Duty Waived from Direct Import -VAT & Excise - Not Applicable or N/A

Column (P) Value of Sales to Domestic Market - Not Applicable or N/A

Columns (Q) to (T) Duty and Tax Payments on Local Sales - Not Applicable or N/A

Column (U) Net Tax and Duty Waived -Duties - same amount in Column M

Column (V) & (W) Net Tax and Duty Waived - VAT and Excise - Not Applicable or N/A

Column (X) & (Y) VAT and Duty Credit Claimed - refers to the amount of VAT and Duty claims for tax credit on raw materials used for export product by an export RBES

Column (Z) & (AA) VAT and Duty Credit Granted - refers to the amount of VAT and Duty computed based on the amount stated in the Invoice for the purchase of the equipment

Column (BB) Value of VAT Zero Rated Purchases (in Php) - Not applicable or N/A

Column (CC) Value of VAT Zero Rated Export Sales (in Php) - refers to the Total Value of Export Sales