



Republika ng Pilipinas  
Kagawaran ng Pananalapi  
Kawanihan ng Rentas Internas

# Information Return/Annual Income Tax Return

[For Self-Employed Individuals, Estates and Trusts (Including those with both Business and Compensation Income)]

BIR Form No.

# 1701

June 2011 (ENCS)

All information must be written in CAPITAL LETTERS

Fill in all blank spaces. Shade all applicable circles.

TO BE FILED IN THREE (3) COPIES: (1) BIR FILE COPY (2) BIR ENCODING COPY (3) TAXPAYER FILE COPY

1 For the year (YYYY) <input style="width: 100%;" type="text"/>	2 Amended Return? <input type="radio"/> Yes <input type="radio"/> No	3 Joint Filing? <input type="radio"/> Yes <input type="radio"/> No
---	--	--

**Part 1 Background Information**

**Taxpayer/Filer**

4 Taxpayer Identification Number (TIN) <input style="width: 95%;" type="text"/>	5 RDO Code <input style="width: 95%;" type="text"/>
---	---

6 Taxpayer's Name <input style="width: 95%;" type="text"/>	<i>Last Name</i>	<input style="width: 95%;" type="text"/>	<i>First Name</i>	<input style="width: 95%;" type="text"/>	<i>Middle Name</i>
--	------------------	--	-------------------	--	--------------------

7 Registered Address <input style="width: 95%;" type="text"/>	<i>(Unit/Room Number/Floor)</i>	<input style="width: 95%;" type="text"/>	<i>(Building Name)</i>						
<input style="width: 95%;" type="text"/>	<i>(Lot Number)</i>	<input style="width: 95%;" type="text"/>	<i>(Block Number)</i>	<input style="width: 95%;" type="text"/>	<i>(Phase Number)</i>	<input style="width: 95%;" type="text"/>	<i>(House/Building Number)</i>	<input style="width: 95%;" type="text"/>	<i>(Street Name)</i>
<input style="width: 95%;" type="text"/>	<i>(Subdivision/Village)</i>	<input style="width: 95%;" type="text"/>	<i>(Barangay)</i>						
<input style="width: 95%;" type="text"/>	<i>(Municipality/City)</i>	<input style="width: 95%;" type="text"/>	<i>(Province)</i>	<input style="width: 95%;" type="text"/>	<i>(Zip Code)</i>				

8 Date of Birth (MM/DD/YYYY) <input style="width: 95%;" type="text"/>	9 Gender <input type="radio"/> Male <input type="radio"/> Female	10 Civil Status <input type="radio"/> Single <input type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Widow/er
---	--	---

11 Contact Number <input style="width: 95%;" type="text"/>	12 E-mail Address <input style="width: 95%;" type="text"/>
--	--

13 Line of Business <input style="width: 95%;" type="text"/>	14 Alphanumeric Tax Code (ATC) <input type="radio"/> II 011 Compensation Income <input type="radio"/> II 012 Business Income/Income from Profession <input type="radio"/> II 013 Mixed Income <input type="radio"/>
--	---

15 Method of Deduction <input type="radio"/> Itemized Deduction [Secs. 34 (A to J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Sales/Receipts/Revenues/ Fees [Section 34(L), NIRC, as amended by R.A. No. 9504]	16 Claiming for Additional Exemptions? <input type="radio"/> Yes <input type="radio"/> No	17 If yes, number of Qualified Dependent Children <input style="width: 95%;" type="text"/>
---	---	--

**Spouse**

18 Spouse's Name <input style="width: 95%;" type="text"/>
---

19 Taxpayer Identification Number (TIN) <input style="width: 95%;" type="text"/>	20 RDO Code <input style="width: 95%;" type="text"/>
--	--

21 Date of Birth (MM/DD/YYYY) <input style="width: 95%;" type="text"/>	22 Contact Number <input style="width: 95%;" type="text"/>	23 E-mail Address <input style="width: 95%;" type="text"/>
--	--	--

24 Line of Business <input style="width: 95%;" type="text"/>	25 Alphanumeric Tax Code (ATC) <input type="radio"/> II 011 Compensation Income <input type="radio"/> II 012 Business Income/Income from Profession <input type="radio"/> II 013 Mixed Income <input type="radio"/>
--	---

26 Method of Deduction <input type="radio"/> Itemized Deduction [Secs. 34 (A to J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Sales/Receipts/Revenues/Fees [Section 34(L), NIRC, as amended by R.A. No. 9504]	27 Claiming for Additional Exemptions? <input type="radio"/> Yes <input type="radio"/> No	28 If yes, number of Qualified Dependent Children <input style="width: 95%;" type="text"/>
--	---	--

**29 Qualified Dependent Children**

Last Name	First Name	Middle Name	Date of Birth (MM/DD/YYYY)	Mark, if Physically/Mentally Incapacitated
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input type="radio"/>
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input type="radio"/>
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input type="radio"/>
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input type="radio"/>

30 Are you availing of tax relief under Special Law or International Tax Treaty? <input type="radio"/> Yes <input type="radio"/> No
---

**Part II Computation of Tax**

31 Income Tax Due under Regular Rate (from Item 69C/ 69D of Part V)

32 Add: Income Tax Due under Special Rate (from Item 69A/ 69B of Part V)

33 Total Income Tax Due (Sum of Items 31A & 32A/ 31B & 32B)

34 Aggregate Income Tax Due (Sum of Item 33A & 33B)

35 Less: Tax Credits/Payments (attach proof)

35A/B Prior Year's Excess Credits

35C/D Tax Payment for the First Three Quarters

35E/F Creditable Tax Withheld for the First Three Quarters

35G/H Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter

35I/J Tax withheld per BIR Form No. 2316

35K/L Tax Paid in Return Previously Filed, if this is an Amended Return

35M/N Foreign Tax Credits

35O/P Other Payments/Credits, specify \_\_\_\_\_

35Q/R Total Tax Credits/Payments (Sum of Items 35A, C, E, G, I, K, M & O/ 35B, D, F, H, J, L, N & P)

36 Net Tax Payable/(Overpayment) (Item 33A less 35Q/ 33B less 35R)

37 Aggregate Tax Payable/(Overpayment) (Sum of Item 36A & 36B)

38 Add: Penalties

Taxpayer/Filer 38A 38B 38C 38D

Spouse 38E 38F 38G 38H

39 Aggregate Penalties (Sum of Item 38D & 38H)

40 Total Amount Payable/(Creditable/Refundable)(Sum of Item 36A & 38D/ 36B & 38H)

41 Aggregate Amount Payable/(Creditable/Refundable)(Sum of Item 40A & 40B)

42 Less Portion of Tax Payable Allowed for 2nd Installment Payment to be paid on or before July 15(not less than 50% of Item 33A/ 33B)

43 Amount of Tax Required to be Paid Upon Filing this Return(Item 40A less 42A/ 40B less 42B)

44 Net Aggregate Amount of Tax Required to be Paid/(Creditable/Refundable) Upon Filing of this Return(Sum of Item 43A & 43B)

If overpayment, mark one box only:  To be Refunded  To be issued a Tax Credit Certificate (TCC)  To be carried over, as tax credit for the next year/quarter

Taxpayer/Filer										Spouse									
31A										31B									
32A										32B									
33A										33B									
34																			
35A										35B									
35C										35D									
35E										35F									
35G										35H									
35I										35J									
35K										35L									
35M										35N									
35O										35P									
35Q										35R									
36A										36B									
37																			
38A										38B									
38C										38D									
38E										38F									
38G										38H									
39																			
40A										40B									
41																			
42A										42B									
43A										43B									
44																			

**Part III Availment of Tax Income Incentives/Exemptions**

45 Total Tax Relief/Savings (from Item 98J/ 98K of Part VII)

46 Aggregate Amount of Tax Relief/Savings (Sum of Item 45A & 45B)

Taxpayer/Filer										Spouse									
45A										45B									
46																			

**Part IV Details of Payment**

Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
47 Cash/Bank Debit Memo	47A	47B	47C	47D
48 Check	48A	48B	48C	48D
49 Tax Debit Memo	49A	49B	49C	49D
50 Others	50A	50B	50C	50D

Stamp of Receiving Office/AAB and Date of Receipt  
(RO's Signature/Bank Teller's Initial)

Part V	Breakdown of Income (attach additional sheet/s, if necessary)			
	<u>EXEMPT</u>		<u>SPECIAL RATE</u>	
	Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse
51 Gross Compensation Income (from Schedule 1)				
52 Less: Non-Taxable/Exempt Compensation				
53 Gross Taxable Compensation Income (Item 51A less 52A/ 51B less 52B)				
54 Less: Deductions				
54A/B Premium on Health and/or Hospitalization Insurance (not to exceed P 2,400/year)				
54C/D Personal Exemption/Exemption for Estate and Trust				
54E/F Additional Exemption				
54G/H Total Deductions (Sum of Items 54A, C & E/ 54B, D & F)				
55 Total Compensation Income/(Excess of Deductions) (Item 53A less 54G/ 53B less 54H)				
56 Sales/Revenues/Receipts/Fees (net of sales returns, allowances and discounts)	56A	56B	56C	56D
57 Add: Other Taxable/Exempt Income from Operations, not subject to Final Tax				
57A/B/C/D/E/F	57A	57B	57C	57D
57G/H/I/J/K/L	57G	57H	57I	57J
57M/N/O/P/Q/R Total (Sum of Item 57A & 57G/ 57B & 57H/ 57C & 57I/ 57D & 57J/ 57E & 57K/ 57F & 57L)	57M	57N	57O	57P
58 Total Sales/Revenues/Receipts/Fees (Sum of Item 56A & 57M/ 56B & 57N/ 56C & 57O/ 56D & 57P/ 56E & 57Q/ 56F & 57R)	58A	58B	58C	58D
59 Less: Cost of Sales/Services	59A	59B	59C	59D
60 Net Sales/Revenues/Receipts/Fees (Item 58 less 59)	60A	60B	60C	60D
61 Add: Non-Operating Taxable Income	61A	61B	61C	61D
62 Gross Income (Sum of Item 60 & 61)	62A	62B	62C	62D
63 Less: Deductions				
63A/B Optional Standard Deduction (OSD)	63A	63B	63E	63F
OR				
63C/D/E/F/G/H Regular Allowable Itemized Deductions	63C	63D	63E	63F
Special Allowable Itemized Deductions				
63I/J/K/L/M/N				
63O/P/Q/R/S/T				
63U/V/W/X/Y/Z Allowance for NOLCO (from Item 83)	63U	63V	63W	63X
63AA/AB/AC/AD/AE/AF Total Allowable Itemized Deductions (Sum of Items 63C, I, O & U/ 63D, J, P & V/ 63E, K, O & W/ 63F, L, R & X/ 63G, M, S & Y/ 63H, N, T & Z)	63AA	63AB	63AC	63AD
64 Net Income (Item 62A less 63AA/ 62B less 63AB/ 62C less 63AC/ 62D less 63AD/ 62E less 63AE/ 62F less 63AF) (to Item 90 of Part VI-Schedule 3)	64A	64B	64C	64D
65 Less: Excess of Deductions over Taxable Compensation Income (from Item 55A/55B) OR the Total Deductions (from Item 54G/54H), if there is no Compensation Income	65A	65B	65C	65D
66 Taxable/Exempt Business Income/Income from Profession (Item 64 less 65)	66A	66B	66C	66D
67 Total Taxable Income (Sum of Item 55 & 66)	67A	67B	67C	67D
68 Applicable Tax Rate (i.e. special/regular rate)			68A %	68B %
69 Income Tax Due (refer to Tax Table below) (to Item 32A & 32B/ 31A & 31B)			68C %	68D %
70 Less: Share of Other Agencies			69A	69B
71 Income Tax Due to National Government Under Special Rate (Item 69A less 70A/ 69B less 70B)			71A	71B

TAX TABLE			
If Taxable Income is:	Tax Due is:	If Taxable Income is:	Tax Due is:
Not over P 10,000	5%	Over P 140,000 but not over P 250,000	P 22,500 + 25% of the excess over P 140,000
Over P 10,000 but not over P 30,000	P 500 + 10% of the excess over P 10,000	Over P 250,000 but not over P 500,000	P 50,000 + 30% of the excess over P 250,000
Over P 30,000 but not over P 70,000	P 2,500 + 15% of the excess over P 30,000	Over P 500,000	P 125,000 + 32% of the excess over P 500,000
Over P 70,000 but not over P 140,000	P 8,500 + 20% of the excess over P 70,000		

NOTE: Read Guidelines and Instructions on page 6

**Part VI SCHEDULES**

**Schedule 1 Gross Compensation Income and Tax Withheld (attach additional sheet/s, if necessary)**

	TAXPAYER/FILER				SPOUSE			
	Name of Employer	Taxpayer Identification Number (TIN)	Compensation Income	Tax Withheld	Compensation Income	Tax Withheld	Compensation Income	Tax Withheld
72		72A	72B	72C	72D	72E	72F	72G
73		73A	73B	73C	73D	73E	73F	73G
74		74A	74B	74C	74D	74E	74F	74G
75	Total Compensation Income/Tax Withheld (Sum of Item 72 to 74) (to Item 51)				75A	75B	75C	75D

**Schedule 2 Computation of Net Operating Loss Carry Over (NOLCO)**

76	Gross Income	76
77	Less: Total Deductions exclusive of NOLCO & Deductions under Special Laws	77
78	Net Operating Loss Carry Over (to Schedule 2A)	78

**Schedule 2A Computation of Available Net Operating Loss Carry Over (NOLCO) (attach additional sheet/s, if necessary)**

Year Incurred	Net Operating Loss		Net Operating Loss Carry Over (NOLCO)			Net Operating Loss Unapplied
	Amount	Applied Previous Year	Applied Current Year	Expired		
79	79A	79B	79C	79D	79E	
80	80A	80B	80C	80D	80E	
81	81A	81B	81C	81D	81E	
82	82A	82B	82C	82D	82E	
83	Total (Sum of Items 79C, 80C, 81C & 82C) (to Item 63U/V/W/X/Y/Z)					

**Schedule 3 Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)**

	Special Rate		Regular Rate	
	Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse
84	84A	84B	84C	84D
85	85A	85B	85C	85D
86	86A	86B	86C	86D
87	87A	87B	87C	87D
88	88A	88B	88C	88D
89	89A	89B	89C	89D
90	90A	90B	90C	90D

**Part VII Details of Income Tax Incentives/Exemptions (attach additional sheet/s, if necessary)**

	Certificate of Registration/BIR Ruling/MOA/Others	Legal Basis (Special Law-R.A No./Particular Sec. in the Tax Code of 1997, as amended)	Effectivity Date of Incentive Exemption (state exact dates)		Nature and Extent of Incentive/Exemption	Amount of Income Tax Payable under Regular Rate		Amount of Actual Income Tax Paid		Amount of Tax Relief/Savings	
			From (MM/DD/YYYY)	To (MM/DD/YYYY)		Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse
			(C)	(D)		(F)	(G)	(H)	(I)	(J) = (F less H)	(K) = (G less I)
91											
92											
93											
94											
95											
96											
97											
98	Total (Sum of Items 91J to 97J/ 91K to 97K) (to Item 45)										

Part VIII Supplemental Information (attach additional sheet/s, if necessary)

				TAXPAYER/FILER				SPOUSE						
				Actual Amount/Fair Market Value/Net Capital Gains		Final Tax Withheld/Paid		Actual Amount/Fair Market Value/Net Capital Gains		Final Tax Withheld/Paid				
<b>Gross Income/Receipts Subjected to Final Withholding Tax on Income</b>														
99	Interests			99A			99B			99C				
100	Royalties			100A			100B			100C				
101	Dividends			101A			101B			101C				
102	Prizes and Winnings			102A			102B			102C				
103	Fringe Benefits			103A			103B			103C				
104	Compensation Subject to 15% Preferential Rate			104A			104B			104C				
105	Sale/Exchange of Real Properties													
	Description of Property (e.g., land, building, improvement)			OCT/TCT/CCT/Tax Declaration Number		Certificate Authorizing Registration (CAR) Number								
105A				105B			105C			105D				
105H				105I			105J			105K				
105L				105M			105N			105O				
106	Sale/Exchange of Shares of Stocks													
	Kind of Stocks*		Stock Certificate Series Number		Certificate Authorizing Registration (CAR) Number		Number of Shares		Date of Issue (MM/DD/YYYY)					
106A			106B			106C			106D			106E		
106J			106K			106L			106M			106N		
106O			106P			106Q			106R			106S		
[*e.g., preferred (PS), common (CS)]														
107	Other Income Subject to Final Tax Under Sec. 57(A) of the Tax Code, as amended (specify)													
107A														
107F														
107G														
107H														
107I														
107J														
108	Total Final Tax Withheld/Paid (Sum of Items 99B to 104B, 105E, 105L, 106G, 106P, 107C & 107H/ 99D to 104D, 105G, 105N, 106I, 106R, 107E & 107J)													
108A														
108B														

				Actual Amount/Fair Market Value				Actual Amount/Fair Market Value					
<b>Gross Income/Receipts Exempt from Income Tax</b>													
109	Proceeds of Life Insurance Policy												
110	Return of Premium												
111	Retirement Benefits, Pensions, Gratuities, etc.												
112	Personal/Real Properties Received thru Gifts, Bequests, and Devises												
	Description of Property (e.g., cash, land, building, improvement)			Mode of Transfer (e.g., inheritance, donation)			Certificate Authorizing Registration (CAR) Number						
112A				112B				112C			112D		
112E				112F				112G			112H		
112I				112J				112K			112L		
113	Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended (specify)												
113A													
113D													
113E													
113F													
114	Total Income/Receipts Exempt from Income Tax (Sum of Items 109A to 111A, 112D, 112I, 113B & 113E/ 109B to 111B, 112E, 112J, 113C & 113F)												
114A													
114B													

Part IX - For Estate and Trust (Engaged in Trade and Business)				Payments to Heirs/Beneficiaries (attach additional sheet/s, if necessary)					
Name				Taxpayer Identification Number (TIN)		Amount		Tax Withheld	
115				115A			115B		
116				116A			116B		
117				117A			117B		
118	Total Payment to Heirs/Beneficiaries (Sum of Items 115B, 116B & 117B)								
118									

I declare, under the penalties of perjury, that this annual return has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority there

119 \_\_\_\_\_  
 Signature over Printed Name of Taxpayer/Authorized Representative (attach authorization)/Accredited Tax Agent (ATA)

\_\_\_\_\_ Position and TIN of Authorized Representative/ATA

\_\_\_\_\_ Tax Agent Accreditation No./Atty's Roll No. (if applicable)  
 Issue Date \_\_\_\_\_  
 Expiry Date \_\_\_\_\_

120	Community Tax Certificate Number	121	Place of Issue	122	Date of Issue (MM/DD/YYYY)	123	Amount

## GUIDELINES AND INSTRUCTIONS

### Who Shall File This Form

This return shall be filed by the following individuals regardless of amount of gross income:

- 1.) A resident citizen engaged in trade, business, or practice of profession within and without the Philippines.
- 2.) A resident alien, non-resident citizen or non-resident alien individual engaged in trade, business or practice of profession within the Philippines.
- 3.) A trustee of a trust, guardian of a minor, executor/administrator of an estate, or any person acting in any fiduciary capacity for any person, where such trust, estate, minor, or person is engaged in trade or business.
- 4.) An individual engaged in trade or business or in the exercise of their profession and receiving compensation income as well.

All individuals, estates and trusts above required under the law and existing issuances to file this return should also fill up Part VIII hereof. Said individuals, estates and trusts shall declare such income subject to final tax and those exclusions from gross income under Section 32(B) of the Tax Code, as amended.

Married individuals shall file a return for the taxable year to include the income of both spouses, computing separately their individual income tax based on their respective total taxable income. Where it is impracticable for the spouses to file one return, each spouse may file a separate return of income. If any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.

The income of unmarried minors derived from property received from a living parent shall be included in the return of the parent except (1) when the donor's tax has been paid on such property, or (2) when the transfer of such property is exempt from donor's tax.

If the taxpayer is unable to make his own return, the return may be made by his duly authorized agent or representative or by the guardian or other person charged with the care of his person or property, the principal and his representative or guardian assuming the responsibility of making the return and incurring penalties provided for erroneous, false or fraudulent returns.

### When and Where to File and Pay

#### 1. For Electronic Filing and Payment System (eFPS) Taxpayer

The return shall be e-filed and the tax shall be e-paid on or before the **15<sup>th</sup> day of April** of each year covering income for the preceding taxable year using the eFPS facilities thru the BIR website <http://www.bir.gov.ph>.

#### 2. For Non-Electronic Filing and Payment System (non-eFPS) Taxpayer

The return shall be filed and the tax shall be paid on or before the **15<sup>th</sup> day of April** of each year covering income for the preceding taxable year with any Authorized Agent Bank (AAB) located within the territorial jurisdiction of the Revenue District Office (RDO) where the taxpayer is registered. In places where there are no AABs, the return shall be filed and the tax shall be paid with the concerned Revenue Collection Officer (RCO) under the jurisdiction of the RDO where the taxpayer is registered.

In case of "NO PAYMENT RETURNS", the same shall be filed with the RDO where the taxpayer is registered/has his legal residence or place of business in the Philippines or with the concerned RCO under the same RDO.

#### 3. For Installment Payment

When the tax due exceeds Two Thousand Pesos (P2,000), the taxpayer may elect to pay in two equal installments, the first installment to be paid at the time the return is filed and the second, **on or before July 15** of the same year.

#### 4. For Non-Resident Taxpayer

In case taxpayer has no legal residence or place of business in the Philippines, the return shall be filed with the Office of the Commissioner or Revenue District Office No. 39, South Quezon City.

### Gross Taxable Compensation Income

The gross taxable compensation income of the taxpayer does not include SSS, GSIS, Medicare and PAG-IBIG Contributions, and Union Dues.

### Taxable Income

Taxable income means the pertinent items of gross compensation and/or business income specified in the Tax Code of 1997, as amended, less the deductions and/or additional exemptions, if any, authorized for such types of income by the Code or other special laws.

### Premiums on Health and/or Hospitalization Insurance

The amount of premiums not to exceed Two Thousand Four Hundred Pesos ( P 2,400) per family or Two Hundred Pesos (P 200) a month paid during the taxable year for health and/or hospitalization insurance taken by the taxpayer for himself, including his family, shall be allowed as a deduction from his gross income: *Provided*, That said family has a gross income of not more

than Two Hundred Fifty Thousand Pesos (P 250,000) for the taxable year: *Provided, finally*, That in the case of married taxpayers, only the spouse claiming the additional exemption for dependents shall be entitled to this deduction.

### Personal and Additional Exemptions

Individual taxpayer, whether single or married, shall be allowed a basic personal exemption amounting to Fifty Thousand Pesos (P50,000).

In the case of married individuals where only one of the spouses is deriving gross income, only such spouse shall be allowed the personal exemption.

An individual, whether single or married, shall be allowed an additional exemption of Twenty Five Thousand Pesos (P 25,000) for each qualified dependent child, not exceeding four (4). The additional exemption for dependents shall be claimed by the husband, who is deemed the proper claimant unless he explicitly waives his right in favor of his wife.

"Dependent Child" means a legitimate, illegitimate or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect.

In the case of legally separated spouses, additional exemptions may be claimed only by the spouse who has custody of the child or children: *Provided*, That the total amount of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions allowed by the Tax Code.

### Exemption Allowed to Estates and Trusts

There shall be allowed an exemption of Twenty thousand pesos (P 20,000) from the income of the estate and trust.

### Change of Status

If the taxpayer marries or should have additional dependent(s) as defined above during the taxable year, the taxpayer may claim the corresponding personal or additional exemption, as the case may be, in full for such year.

If the taxpayer dies during the taxable year, his estate may still claim the personal and additional exemptions for himself and his dependent(s) as if he died at the close of such year.

If the spouse or any of the dependents dies or if any of such dependents marries, becomes twenty-one (21) years old or becomes gainfully employed during the taxable year, the taxpayer may still claim the same exemptions as if the spouse or any of the dependents died, or as if such dependents married, became twenty-one (21) years old or became employed at the close of such year.

### Allowable Deductions

A taxpayer engaged in business or in the practice of profession shall choose either the optional or itemized deduction (described below). He shall indicate his choice by marking with "X" the appropriate box, otherwise, he shall be deemed to have chosen itemized deduction. The choice made in the return is irrevocable for the taxable year covered.

**Optional Standard Deduction (OSD)** – A maximum of 40% of their gross sales or gross receipts shall be allowed as deduction in lieu of the itemized deduction. This type of deduction shall not be allowed for non-resident aliens engaged in trade or business. An individual who opts to avail of this deduction need not submit the Account Information Form (AIF)/Financial Statements.

**Regular Allowable Itemized Deductions** - There shall be allowed as deduction from gross income all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on or which are directly attributable to, the development, management, operation and/or conduct of the trade, business or exercise of a profession including a reasonable allowance for salaries, travel, rental and entertainment expenses.

Itemized deductions include also interest, taxes, losses, bad debts, depreciation, depletion, charitable and other contributions, research and development, pension trust, premium payments on health and/or hospitalization insurance.

**Special Allowable Itemized Deductions** – There shall be allowable deduction from gross income in computing taxable income, in addition to the regular allowable itemized deduction, as provided under existing regular and special laws, rules and issuances such as, but not limited to 'Rooming-in and Breast-feeding Practices under RA 7600, Adopt-a-School Program under RA 8525, Senior Citizen Discount under RA 9257, Free Legal Assistance under RA 9999.

### Tax Relief Availment

Taxpayer availing of any tax relief under the Tax Code and/or any prevailing special laws [e.g., Income Tax Holiday (ITH), preferential income tax rate, income tax exemption, additional special deductions, etc.] must completely fill up Part VII hereof.

### Fair market value

"Fair market value" as determined in accordance with Section 6(E) of the Tax Code, as amended, shall be used in reporting the non-cash income and receipts in Part VIII.

### Individual whose compensation income has been subjected to final withholding tax

The term "*individual whose compensation income has been subjected to final withholding tax*" shall include aliens or Filipino citizens occupying the same positions as the alien employees, as the case may be, who are employed by regional operating headquarters, regional or area headquarters, offshore banking units, petroleum service contractors and sub-contractors, pursuant to pertinent provisions of Sections 25 (C), (D), E) and 57(A), including those subject to Fringe Benefit Tax (FBT) under Section 33 of the Tax Code, as amended, Republic Act No. 8756, Presidential Decree No. 1354, and other pertinent laws.

### Penalties

There shall be imposed and collected as part of the tax:

1. A surcharge of twenty five percent (25%) for each of the following violations:
  - a) Failure to file any return and pay the amount of tax or installment due on or before the due dates;
  - b) Filing a return with a person or office other than those with whom it is required to be filed;
  - c) Failure to pay the full or part of the amount of tax shown on the return, or the full amount of tax due for which no return is required to be filed, on or before the due date;
  - d) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of Assessment (Delinquency Surcharge).
2. A surcharge of fifty percent (50%) of the tax or of the deficiency tax shall be imposed in case of willful neglect to file the return within the period prescribed by the Tax Code and/or by rules and regulations or in case a false or fraudulent return is filed.
3. Interest at the rate of twenty percent (20%) per annum, or such higher rate as may be prescribed by rules and regulations, on any unpaid amount of tax, from the date prescribed for the payment until it is fully paid.
4. Compromise penalty, pursuant to existing/applicable revenue issuances.

### Excess Withholding Tax

Over withholding of income tax on compensation shall be refunded by the employer, except if the over withholding is due to the employee's failure or refusal to file the withholding exemption certificate, or supplies false or inaccurate information, the excess shall not be refunded but shall be forfeited in favor of the government.

### Attachments Required

1. Account Information Form and the Certificate of the independent CPA duly accredited by the BIR except for taxpayers who opted for the Optional Standard Deduction. (The CPA Certificate is required if the gross quarterly sales, earnings, receipts or output exceed P 150,000).
2. Certificate of Income Tax Withheld on Compensation (BIR Form No. 2316).
3. Certificate of Income Payments Not Subjected to Withholding Tax (BIR Form No. 2304).
4. Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307).
5. Duly Approved Tax Debit Memo, if applicable.
6. Waiver of husband's right to claim additional exemption, if applicable.
7. Proof of prior years' excess credits, if applicable.
8. Proof of Foreign Tax Credits, if applicable.
9. For amended return, proof of tax payment and the return previously filed.
10. Authorization letter, if filed by authorized representative.
11. Proof of other tax payments/credit, if applicable.
12. Proof of Tax Payments for the First Three Quarters
13. Summary Alphabet of Withholding Agents of Income Payments Subjected to Withholding Tax at Source (SAWT), if applicable.
14. Statement of Management's Responsibility (SMR) for Annual Income Tax Return.
15. Schedules of the following which must be part of the Notes to the audited Financial Statements:
  - a. Sales/Receipts/Fees
  - b. Other Taxable Income
  - c. Cost of Sales/Services
  - d. Taxes and Licenses
  - e. Itemized Deductions (if taxpayer did not avail of OSD)
  - f. Other information prescribed to be disclosed in the Notes to Financial Statements

### Note: All Background information must be properly filled up.

- All returns filed by an accredited tax agent on behalf of a taxpayer shall bear the following information:
  - A. For CPAs and others (individual practitioners and members of GPPs);
    - a.1 Taxpayer Identification Number (TIN); and
    - a.2 Certificate of Accreditation Number, Date of Issuance, and Date of Expiry.
  - B. For members of the Philippine Bar (individual practitioners, members of GPPs);
    - b.1 Taxpayer Identification Number (TIN); and
    - b.2 Attorney's Roll number or Accreditation Number, if any.