May 9, 2018

BIR RULING NO. 788-18

Sec. 4, NIRC; RMC 63-12; RAO 02-01

AAA

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Dear AAA :

This refers to your Legal Petition Notice dated January 2, 2013 declaring that the recommended accounting entries that Revenue Memorandum Circular (RMC) No. 63-2012 presented is "contrary to law of the State — National Internal Revenue Code and its implementing rules and regulation."

In reply, please be informed that it is the recognized policy that the power to interpret the provisions of the National Internal Revenue Code (NIRC) of 1997 and other tax laws is under the exclusive and original jurisdiction of the Commissioner of Internal Revenue, subject to review by the Secretary of Finance, as provided for in Section 4 of the NIRC of 1997, as amended.

Section 4 of Revenue Administrative Order (RAO) No. 02-01 dated October 22, 2001 provides that:

> SECTION 4. Validity of Rulings and Issuances. — All rulings and issuances of the Commissioner of Internal Revenue that pertain to the implementation and interpretation of the Tax Code and other tax laws are valid, unless revoked, reversed, modified, or superseded by the Secretary of Finance pursuant to Department Order No. 23-01.

Pursuant to Section 2 of the same Order, the Secretary of Finance shall have the power to affirm, revise, modify or set aside rulings and issuances of the Bureau of the Internal Revenue concerning the implementation and application of the provisions of the Tax Code and other tax laws.

Inasmuch as you are questioning the validity of the provisions of Revenue Memorandum Circular No. 063-12 dated October 29, 2012, you are advised to raise your

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issues and arguments with the Secretary of Finance on a request for review.

Please be guided accordingly.

Very truly yours,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

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