BUREAU OF INTERNAL REVENUE
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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

February 05, 2014

REVENUE MEMORANDUM CIRCULAR NO. 7-2014

SUBJECT : CLARIFYING THE ISSUES ON THE REGISTRATION AND COMPLIANCE REQUIREMENTS OF MARGINAL INCOME EARNERS PURSUANT TO REVENUE REGULATIONS NO. 7-2012

TO : All Internal Revenue Officers and Others Concerned

This Circular is being issued to clarify the issues and reiterate the registration as well as compliance requirements of Marginal Income Earners (MIE) pursuant to Revenue Regulations (RR) No. 7 -2012.

MIE as defined in Section 3 of the same RR provides:

"Marginal Income Earner – shall refer to those individual whose business do not realize gross sales or receipts exceeding P100,000 in any 12-month period."

The individual referred to in that section is an individual not deriving compensation as an employee under an employer-employee relationship but who is self-employed and deriving gross sales or receipts not exceeding P100,000 in any 12-month period. Moreover, the **activities of such MIE should be principally for subsistence or livelihood**. The MIE, as herein defined, shall include but not limited to agricultural growers/producers (farmers/fishermen) selling directly to ultimate consumers, small sari-sari stores, small carinderias or "turo-turos", drivers/operators of a single unit tricycle, and such, but shall **not** include licensed professionals, consultants, artists, sales agents, brokers and others similarly situated, including all others whose income have been subjected to withholding tax.

REGISTRATION AND COMPLIANCE REQUIREMENTS

The incidence of being a MIE as required under RR 7-2012 covers the following privileges and minimum registration and tax compliance requirements:

1. Registration with the Bureau using BIR Form 1901 with the following minimal documentary requirements:
   i. Sworn Statement of Income for the year (Annex "A"); and
   ii. NSO Certified or Local Civil Registry Birth Certificate;

2. Exemption from the payment of Annual Registration Fee (ARF);

3. Registration of Books of Accounts (e.g. two-column journal or other simplified books for daily expenses and revenues);

4. Issuance of registered principal receipts/sales invoices as prescribed under RMO 12-2013;

5. Filing and Payment of Annual Income Tax Return using BIR Form 1701 similar to any other self-employed individuals; and

6. Exemption from payment of business taxes (i.e. VAT or any Percentage Tax).

The BIR District Office, upon evaluation of application for registration, shall issue the Certificate of Registration and shall likewise ensure compliance with the registration of books of accounts, and issuance of Authority To Print for their Principal Receipts/Sales Invoices.

All internal revenue officers and employees are hereby enjoined to give this Revenue Memorandum Circular as wide a publicity as possible.

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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