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

January 9, 2024

REVENUE MEMORANDUM CIRCULAR NO. 1-2024

SUBJECT : Erroneous Inclusion of Penalties by NGAs in electronic Tax Remittance Advice

TO : All Concerned NGAs, Revenue Officials, Employees and Others Concerned

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Revenue Regulations (RR) No. 1-2013 expanded the coverage of taxpayers required to file and pay taxes through the Electronic Filing and Payment System (eFPS) to include National Government Agencies (NGAs). On July 22, 2014, Revenue Memorandum Circular (RMC) No. 57-2014 was issued clarifying the use of Electronic Tax Remittance Advice (eTRA) System and mandated NGAs to enroll and use the eFPS in their filing of their applicable tax returns. It was further clarified that the eTRA System shall cover only the payment of withholding taxes and, therefore, does not cover other internal revenue taxes and penalties. However, it has been observed that certain NGAs, in their generation of Tax Remittance Advice (TRA) from the eTRA System, include penalties incurred for late filing and payment of withholding taxes.

Accordingly, all NGAs are hereby directed to discontinue the practice of using eTRA for payment of penalties. The payment of the basic withholding tax shall be made through the eTRA System while the corresponding penalties, if any, shall be paid in cash thru the Authorized Agent Banks (AABs) or any payment facilities prescribed by this Bureau.

Please be informed that the provisions of Section 247, Title X of the National Internal Revenue Code of 1997, as amended, prescribe that, if the withholding agent is the Government or any of its agencies, political subdivisions or instrumentalities, or a government-owned and controlled corporation, the employee thereof responsible for the withholding and remittance of the tax shall be personally liable for the additions to the tax prescribed therein. As a supplement, Revenue Memorandum Order (RMO) No. 8-2003 identified Heads of Offices and Chief Accountants or other persons holding similar positions officially designated as such by the head of office as equally liable in the settlement of the said penalties.

The Revenue District Offices and concerned revenue offices of the Bureau are hereby directed to strictly monitor the NGAs' compliance in the remittance of their withholding taxes with the corresponding penalties incurred, if any, due to late filing and payment on the part of the NGAs. Likewise, the said RDOs shall undertake the reversal/correction in the Integrated Tax System – Collection and Bank Reconciliation (ITS-CBR)/ Internal Revenue Integrated System – Collection Remittance and Reconciliation (IRIS-CRR) of penalties paid by NGAs thru eTRA. As such, payment of penalties using eTRA shall not be recognized as part of the RDO's eTRA collection until the said penalties has been collected and paid in cash thru the AABs or any payment facilities available in this Bureau.

All concerned revenue officials, employees and others concerned are hereby enjoined to give this Circular as wide a publicity as possible.

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

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BUREAU OF INTERNAL REVENUE
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