REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS
Quezon City

February 5, 2007

REVENUE MEMORANDUM CIRCULAR NO. 13-2007

SUBJECT: Clarifications on the Treatment of Reimbursable Expenses Made by Personnel/Officials of the Government or Any of its Instrumentalities including Government Owned or Controlled Corporations in connection with RA 9337, As Amended.

TO : All Internal Revenue Officials, Employees and Others Concerned.

The recent implementation of the provisions of Republic Act 9337, as amended, and implemented by Revenue Regulations No. 16-2005, as amended, has created confusion on the treatment of reimbursable expenses made by personnel/officials of the government or any of its political subdivisions, instrumentalities or agencies including government-owned or controlled corporations (GOCC). This circular is being issued to clarify certain issues and concern as to the treatment of these type of expenses, vis-à-vis the required withholding of 5% Final VAT from government money payments.

These reimbursable expenses are considered as Representation and Transportation Allowance (RATA) or allowances given to public officers and employees which essentially constitute reimbursement for expenses incurred in the performance of government personnel's official duties. These are expenses made by such government officials/employees in their **personal capacity** even if reimbursed by the government agency. As such, these expenses are not considered as government money payments and are therefore, not subject to the withholding of 5% Final VAT.

All concerned are hereby enjoined to be guided accordingly and to give this circular as wide a publicity as possible.

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue