REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

May 26, 2007

REVENUE MEMORANDUM CIRCULAR NO. 37 - 2007

SUBJECT: Delegation of Authority to Sign Rulings Granting and/or Confirming Tax Exemptions, Tax Incentives as well as Tax Treaty Relief Through the Ruling Process

TO : All Revenue Officials and Personnel and Others Concerned

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SECTION 1. *Objective.* –

This Circular is issued to clarify and modify the scope of Memorandum dated April 26, 2007 as circularized in Revenue Memorandum Circular No. 32-2007, with respect to the delegation of authority to sign rulings that involve grants of tax exemptions to the Assistant Commissioner for Legal Service, and to the Deputy Commissioner for Legal and Inspection Group

SECTION 2. *Delegation of Authority.* –

a. Regional Directors

The delegated authority of the Regional Directors to sign rulings that involve in any manner the granting, as well as, confirmation of tax exemptions and/or tax incentives shall now be approved and signed by the Assistant Commissioner, Legal Service.

Accordingly, Revenue Memorandum Order (RMO) No. 75-99 and RMC No. 3-2001 are hereby expressly modified, subject to the following exceptions, which shall continue to be approved by the Regional Directors: (i) Requests to use pre-numbered loose-leaf forms, receipts, invoices and books of accounts (manual); and (ii) Requests for change of accounting period (except change of accounting method) under Section 46 of the Tax Code of 1997.

The foregoing is without prejudice to the applicability of Revenue Bulletin No. 1-2003 – No-Ruling Areas – 001.

b. The Assistant Commissioner, Legal Service

The delegated authority of the Assistant Commissioner, Legal Service to sign rulings that involve in any manner the granting, as well as, confirmation of tax exemptions and/or tax incentives, including tax treaty reliefs, shall now be approved and signed by the Deputy Commissioner, Legal and Inspection Group.

Accordingly, Revenue Delegation Authority Order (RDAO) No. 4-02, Revenue Memorandum Order (RMO) No. 30-02, and RMC No. 39-01 are hereby expressly modified subject to the following exceptions, which shall continue to be approved by the Assistant Commissioner, Legal Service:

i. Requests for rulings relative to tax-deferred exchanges of property for shares under Section 40(C)(2) of the Tax Code of 1997 under appropriate guidelines;
ii. Requests for rulings pertaining to transfer of property by a pre-need corporation to a trustee in accordance with SEC guidelines on the establishment of trusts by pre-need companies;
iii. Requests for rulings pertaining to tax consequence of exchanges of properties made in order to correct clear mistakes of fact relating to ownership of subdivision lots;
iv. Embassy requests, either for itself or on behalf of its employees, for tax exemption;
v. Requests for confirmation of tax exempt status of non-stock non-profit educational institutions; and
vi. Requests for rulings and/or certifications on topics covered by RMC No. 2-01 and RMC No. 10-01.

Copies of all rulings signed by the Assistant Commissioner, Legal Service, in accordance with the provisions of this Section shall be furnished to the Office of the Deputy Commissioner, Legal and Inspection Group and the Office of the Commissioner, immediately upon issuance.

c. The Deputy Commissioner, Legal and Inspection Group is hereby authorized to sign all rulings which grant as well as confirm any tax exemption and/or tax incentive including tax treaty relief, including those that are originating from the VAT Review Committee provided that they are not covered by the abovementioned exceptions to the existing issuances; and *provided further*, that the said rulings are clearly covered by precedent rulings and guidelines, as well as, pertinent issuances on the subject.

Copies of all rulings signed by the Deputy Commissioner, Legal and Inspection Group, in accordance with the provisions of this Section shall be furnished to the Office of the Commissioner immediately upon issuance.

All rulings of first impression, as defined in Revenue Administrative Order No. 1-03, shall be signed by the Commissioner. Moreover, the Commissioner may, *motu propio*, reverse, modify or alter any such ruling issued by the Assistant Commissioner, Legal Service or the Deputy Commissioner, Legal and Inspection Group, at any time after its issuance if he determines the same not to be in accordance with the established precedent rulings or pertinent tax laws and revenue issuances, but after due notice to the concerned taxpayer, and in accordance with Section 246 of the Tax Code of 1997, without prejudice however, to administrative sanctions relative to such actions.

SECTION 3. *Interpretation of Claims for Exemptions. –*

All claims and requests for tax exemptions must be strictly evaluated. Any doubt must be resolved in favor of the government.

SECTION 4. *Repealing Clause. –*

Any and all issuances found to be inconsistent with any of the foregoing provisions of this Order are hereby deemed amended or modified accordingly.

SECTION 5. *Effectivity Clause. –*

This Order shall take effect immediately and shall remain in force until such time that the Commissioner of Internal Revenue issues an Order reverting the delegation to the original designated signatories.

SECTION 6. *Transitory Provision –*

By way of exception to Section 5 above, all requests for rulings that have already been elevated to the Assistant Commissioner, Legal Service and/or the Deputy Commissioner, Legal and Inspection Group, as the case may be, for approval pursuant to the provisions of RMC No. 32-2007 but prior to the issuance of this Order shall be signed by them respectively, so that the signatories as indicated in the drafts for approval will not have to be changed anew.

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