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

July 21, 2015

REVENUE MEMORANDUM CIRCULAR NO. 57-2015

SUBJECT : Submission of Inventory List and Other Reporting Requirements

TO : All Internal Revenue Officers and Others Concerned

BACKGROUND:

Pursuant to Section 6 (H) of the Tax Code of 1997, as amended, the Commissioner may prescribe additional procedural or documentary requirements for tax administration and enforcement. This Circular is therefore issued to provide guidance on how financial accounting information, in addition to the annual inventory list required to be filed under Section 13 of Revenue Regulations No. V-1, should be reported to the Bureau. This is in line with the Bureau's objective of implementing an expanded and improved landscape of accounting information reporting that seeks to provide reliable data and to maximize the quality and adequacy of such data for better monitoring and analysis.

SECTION 1. SCOPE AND COVERAGE

This Circular aims to consistently apply the data requirements across different sectors with the peculiarity of the industry where the taxpayers belong directing the volume of reporting. Hence, the additional reports or schedules to be submitted and filed with the annual inventory list shall cover companies maintaining inventory of stock-in-trade, raw materials, goods in process, supplies and other goods such as manufacturing, wholesaling, distributing/retailing sectors including real estate dealers/developers, service companies, e.g., construction companies, building contractors, etc. It bears stressing that the data/information contained in the said schedules/lists should be reconciled with the amount declared in the financial statements and annual income tax returns.

SECTION 2. PRESCRIBED FORMAT AND DEADLINE FOR SUBMISSION

All taxpayers with tangible asset-rich balance sheets, often with at least half of their total assets in working capital assets, e.g., accounts receivable and inventory, shall submit, in addition to the annual inventory list, schedules/lists prescribed herein, in hard and soft copies, using the

format as shown in Annex "A" (for manufacturing / merchandising or retail company); Annexes "B" and "B-1" (for real estate company) and Annex "C" (for construction industry). Taxpayers not belonging to the above-described industries shall adopt the herein prescribed format that is applicable to their existing inventory.

The soft copies of the inventory list including other applicable schedules shall be stored/saved in Digital Versatile Disk-Recordable (DVD-R) properly labeled and submitted, together with a notarized certification, as shown in Annex "D" hereof, duly signed by the authorized representative of the taxpayer certifying that the data/information contained in the DVD-R are true and correct.

For initial filing using the herein prescribed format, the schedules and inventory list shall be submitted on or before September 30, 2015 covering ending inventory as of December 31, 2014, and thereafter every 30th day following the close of the taxable year (depending on the accounting period adopted by the taxpayer) as enunciated under Section 13 of Revenue Regulations No. V-1, otherwise known as the Bookkeeping Regulations, which provides for the filing of an annual inventory of stocks-in-trade, raw materials, goods in process, supplies and other goods not later than thirty (30) days following the close of the taxable year, to wit:

> "Sec. 13. Records of Inventories: - Persons required by law to pay internal revenue taxes on business shall keep, in addition to the other books and records prescribed in these regulations, a book of inventories, in which they shall record in detail the quantity, description, unit and total cost of every item in their stocks-in-trade, materials, supplies and other goods found in their premises, of their establishments as the time they start business and at the close of the calendar year or accounting period. The inventory at the beginning shall be made and submitted to the Commissioner of Internal Revenue, if the place of business is in Manila, or to the Deputy Provincial or City Treasurer, if in a municipality or city, within ten days after securing the privilege tax receipts or starting the business and the subsequent inventories not later than thirty days after the close of the calendar year or accounting period. This period may, in meritorious cases, be extended by the Commissioner of Internal Revenue."

The inventory lists as well as other applicable schedules are to be submitted with the concerned Revenue District Office (RDO) where the non-large taxpayers are registered and with the Large Taxpayers Assistance Division (LTAD), Excise Large Taxpayers Regulatory Division (ELTRD), Large Taxpayers Division (LTD) Makati and Cebu, for taxpayers classified as large under the Large Taxpayers Service.

The submission of the schedules and inventory list that does not conform with the herein prescribed format shall be deemed not received by the concerned office of the BIR and shall be considered as grounds for the imposition of penalties under the NIRC of 1997, as amended.

SECTION 3. PENALTIES

Any violation of the provisions of the Circular shall be subject to the corresponding penalties under Section 250 and 255 of the National Internal Revenue Code (NIRC) of 1997, as amended.

The same penalties were reiterated in Revenue Memorandum Order (RMO) No. 7-2015, with pertinent excerpts reproduced hereunder found on page 4 of Annex A, RMO No. 7-2015, to wit:

TAX CODE SEC	NATURE OF VIOLATION	CRIMINAL PENALTY IMPOSED	AMOUNT OF COMPROMISE
250	Failure to make, file or submit information returns, schedules, reports, sworn statements, certifications and other documents, (except quarterly SLS/P/I, and the Annual Alpha List of Payees and/or the Annual Alpha List of Employees subjected to withholding taxes), or keep any record required by the Tax Code, as amended, or other existing rules and regulations.		One Thousand Pesos (₱1,000) for each information return, schedule, report, sworn statements, certification and other document not made, filed or submitted, or for each record not maintained. Provided, however, that the aggregate amount to be imposed for such failures during a calendar year shall not exceed Twenty Five Thousand Pesos (₱25,000).

255	Failure to make/file/ submit any return or supply correct information at the time or times required by law or regulation.	Fine of not less than P10,000 and imprisonment of not less than one (1) year but not more than ten (10) years.	If gross sales, earnings or receipts; or gross estate or gift *(based on the subject returns/information for filing/submission)*		
			Exceeds	But does not exceed	Compromise is
			P x x x	P50,000	P 1,000
			50,000	100,000	3,000
			100,000	500,000	5,000
			500,000	5,000,000	10,000
			5,000,000	10,000,000	15,000
			10,000,000	25,000,000	20,000
			25,000,000	x x x	25,000

SECTION 4. EFFECTIVITY

This Circular shall take effect immediately.

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

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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