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

27 February 2004

REVENUE MEMORANDUM ORDER NO. 7-2004

SUBJECT : CENTENNIAL TAXPAYERS RECOGNITION PROGRAM (CTRP)

TO : All Taxpayers and Revenue Officer Employees and Others Concerned

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I. BACKGROUND

For calendar year 2004, the Bureau of Internal Revenue (the Bureau) has been tasked a revenue goal of P477 Billion which is P52 Billion more than actual collections in 2003. This means that overall collections must grow 12% or 4 percentage points more than the 8% growth realized in 2003.

While the officials and personnel of the Bureau are fully committed to the attainment of this goal and are prepared to undertake every measure towards this end, it is **only when taxpayers themselves increase their actual tax payments by even bigger percentages** can this revenue target be achieved.

There have been previous programs whereby taxpayers helped in the attainment of the mandated collection growth rate of BIR. On the occasion of the Centennial Year of the Bureau, a **C**entennial **T**axpayers **R**ecognition **P**rogram, or **CTRP,** is being implemented, the mechanics of which are provided for in this Order.

II. ENTITLEMENTS OF CENTENNIAL TAXPAYERS

Centennial taxpayers will be honored during the Centennial Anniversary Celebration of the Bureau of Internal Revenue on August 1, 2004 and listed in an Honor Roll to be published in a national newspaper as well as be given the following benefits:

1. Centennial Taxpayer's Trophy

2. A Centennial Honor Taxpayer's Card which initially will entitle the taxpayer honored and special attention in any official transaction with BIR or DOF office. The benefits of the card shall be grown with the participation of other donor establishments and agencies to the program.

3. Priority availment/extension of the various E-Services such as Electronic Filing and Payment Systems, E-Submission and E-Payee.

The Top Centennial Taxpayers, weighted or those with the highest weighted score for percentage increase and absolute peso amount increase in tax payment, drawn from all the Centennial Taxpayers shall in addition to the above listed honors and benefits be accorded the protection of last priority in audit and investigation for taxable calendar year 2003 for all tax payments which may only be undertaken upon careful evaluation and authorization by the Commissioner of the BIR

III. WHO CAN VIE FOR THE CENTENNIAL TAXPAYER AWARD

All corporations following the calendar year of reporting (those following fiscal year of reporting shall be covered by a separate issuance) and all individuals engaged in business or are considered as mixed income earners can vie for the CTRP under this Order.

IV. QUALITIES OF AN ELIGIBLE TAXPAYER TO BE CONSIDERED IN THE CENTENNIAL AWARD SELECTION PROCESS

For an eligible taxpayer to be considered in the centennial award selection process, said taxpayer must fulfill, in the minimum, all the following conditions:

1. Growth rate of income tax payment for tax year (January to December) 2003 over tax year 2002 must be at least 20%;

2. Growth rate of income tax for 4th quarter 2003 (for payment in April 15, 2004 for both corporate and individuals) over 4th quarter 2002 (April 2003 payment) must be at least 25%;

3. Growth rate of income tax for the 1st quarter 2004 (for payment in May 31, 2004 for corporate and April 15 for individual) is at least 25% more than 1st quarter 2003.

4. For business entities, the ratio of income tax payment to Gross Sales in year 2003 must be at least equal to the year 2002 ratio. In addition, the ratio of income tax payment to Gross Sales for the 1st quarter of 2004 must be at least equal to the 1st quarter 2003.

5. For those subject to value added tax, the value added tax actually paid to the Bureau for taxable year 2003 shall be equal to or greater than the higher of (a) the equivalent of three percent (3%) of their total sale/receipt of 2003, or (b) effective VAT rate for the taxable year 2002. For those subject to percentage tax, the ratio of percentage tax actually paid to gross sales/receipt for taxable

year 2003 should not be less than the ratio of the percentage tax actually paid to gross sales/receipt for taxable year 2002.

V. CENTENNIAL VOLUNTARY PAYMENT (BIR FORM 0605-100)

A Centennial Awards aspirant whose correct/accurate income tax payment will result in a shortfall or gap in the growth rates and ratio required in part IV above may opt to make up for the shortfall or gap by making a voluntary additional payment. For this purpose, they should accomplish a Centennial Voluntary Payment waiver of Refund Form (BIR Form 0605-100). The voluntary payment when added to the correct tax payable must provide the growth rates and income to sale ratio required.

VI. NATURE OF PAYMENT TO BE INCLUDED IN THE CTRP COMPUTATION

Tax payment for inclusion in the calculation shall be limited to amounts actually paid in cash as shown in the ITR and quarterly income payments. For this purpose creditable withholding taxes which are properly supported by a Certificate of Tax Withheld (BIR Form 2307) shall be considered as cash payments. TCCs/TDMs are Non-Cash.

VII. FORMS FOR FILING

1. File 2003 ITR using BIR Form 1702 for corporate taxpayers or 1701 for individuals engaged in business **on or before April 15, 2004**

2. When additional payment is needed as explained in V above, accomplish the Centennial Voluntary Contribution and Waiver of Refund Form (BIR Form 0605-100) to be filed together with the ITR

3. Duly accomplished Centennial Participation Form. Copies of the attached Centennial Participation Form may be photocopied and used, or copies thereof maybe downloaded from the Bureau's website (www.bir.gov.ph).

VIII. MANCOM CONSIDERATION IN THE GRANT OF CENTENNIAL AWARD

The BIR Management Committee reserves the right to make the final selection of the Centennial Awardees to insure that only deserving taxpayers are given this prestigious award. Among the MANCOM considerations for not granting the award notwithstanding the demonstration of the centennial qualities described in the other sections of the Order are:

1. Taxpayers with verified derogatory information (denunciations) covering taxable year 2003 officially filed with the BIR

2. Taxpayers with verified tax discrepancies for calendar year 2003 as obtained from a third party information

IX. RESPONSIBILITIES OF REGIONAL DIRECTORS AND REVENUE DISTRICT OFFICERS

Regions, Districts, LTDOs and LTAIDs shall be responsible for the widest dissemination of this Order and the participation of taxpayers in their respective jurisdictions. Said Bureau offices shall actively enlist their respective top taxpayers who collectively provide at least 80% of revenues to participate. Awards for Centennial Regions, District, LTDOs and LTAIDs shall include in the criteria for selection (a separate Order to be issue for Centennial Revenue offices selection process) program's level of success in their respective jurisdiction.

X. OTHER CENTENNIAL AWARDEES

Taxpayers not qualified under this Order to include those listed below but will show commendable improvement in their 4th quarter and 1st quarter 2004 income tax payments shall be given Centennial Awards following standards to be prescribed in a separate RMC.

1. Taxpayers who did not pay any income tax or are in a refundable position for taxable calendar 2002 as reflected in their ITR

2. Taxpayers who filed their taxable calendar year 2003 ITR beyond April 15, 2004

3. Individuals availing the second installment mode of payment, i.e. with amount still due on or before July 15, 2004

4. Taxpayers whose initial year of business/employment does not have a full calendar year 2002 operation

(Original Signed)
GUILLERMO L. PARAYNO JR.
Commissioner of Internal Revenue