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

May 3, 2016

REVENUE MEMORANDUM ORDER NO. 16-2016

SUBJECT : Submission of Report on Commercials and Advertisements through Media (Television, Radio, Print and Internet/On-Line) of Candidates in the May 9, 2016 National and Local Elections.

TO : All Internal Revenue Officers and Others Concerned

I. Background

Section 13 of Republic Act (RA) No. 7166, otherwise known as, "An Act Providing For Synchronized National And Local Elections And For Electoral Reforms, Authorizing Appropriations Therefor, And For Other Purposes,' provides that "*any contribution in cash or in kind to any candidate or political party or coalition of parties for campaign purposes, duly reported to the Commission shall not be subject to the payment of any gift tax.*" Relative thereto, this Office issued Revenue Memorandum Circular (RMC) No. 30-2016 dated March 14, 2016 reiterating tax compliance of those participating in the May 9, 2016 National and Local Elections. It further clarified that "ONLY THOSE DONATIONS/CONTRIBUTIONS THAT HAVE BEEN UTILIZED/SPENT DURING THE CAMPAIGN PERIOD AS SET BY THE COMELEC ARE EXEMPT FROM DONOR'S TAX."

In line with the Bureau's efforts to effectively monitor and determine compliance by political candidates and their donors/sponsors, and pursuant to Section 5 of the Tax Code of 1997, as amended, this Revenue Memorandum Order (RMO) is being issued to provide the guidelines and process of reporting paid campaign promotions contracted through media outfits, such as, but not limited to, television and radio commercials, print ad or publications and online advertisements, of candidates in the May 9, 2016 National and Local Elections.

II. Coverage

All media outfits, whose services have been secured and paid to promote individuals and party-list groups who are candidates in the May 9, 2016 National and Local Elections, shall submit to the Bureau of Internal Revenue, information relative to said promotions. The report shall cover all paid promotions made reckoned from three (3) month period prior to the start of the campaign period until the end of the campaign period as set by the COMELEC for National and Local Candidates, to wit:

Candidates Covered	Campaign Period	Period Covered by the Report
President, Vice-President, Senator and party-list groups participating in the party-list system of representation	February 9, 2016 to May 7, 2016 (COMELEC Resolution No. 9981 dated August 18, 2015)	**November 9, 2015** to **May 7, 2016**

Members of House of Representatives, elective regional, provincial, city, municipal officials	March 25, 2016 to May 7, 2016 (COMELEC Resolution No. 9981 dated August 18, 2015)	**December 25, 2015** to **May 7, 2016**

III. Reporting Procedure

In submitting the report, the following procedures shall be strictly observed:

1. The Report shall be accomplished in accordance with the prescribed format (**Annex "A"**) and shall contain a declaration under oath duly signed by the authorized representative certifying as to the completeness and veracity of the data/information contained therein.

2. The Report shall be submitted simultaneously with the soft copy thereof saved/stored in a Digital Versatile Disk-Recordable (DVD-R) which shall be labeled in accordance with the format prescribed in **Annex "B"** of this Order.

3. The authorized signatory to the Report and the DVD-R label shall be as follows:

    a. Sole proprietor, in case of sole proprietorship, or his/her attorney-in-fact evidenced by a notarized Special Power of Attorney (SPA) issued for the purpose.

    b. Any of the Corporation's principal officers duly authorized through a Board Resolution issued for the purpose.

4. The Report and the DVD-R shall be submitted together to the appropriate Revenue District Office (RDO) where the subject media outfit is duly registered, or to the Large Taxpayers Division (LTD-National Office/Makati/Cebu), for those duly registered with the Large Taxpayers Service (LTS), not later than **fifteen (15) days** from end of campaign period, or **until May 22, 2016**.

IV. Duty of the RDO / LTDO

The concerned RDO and LTD National Office/Makati/Cebu, where the subject media outfits are duly registered, shall immediately verify, based on the reports, tax compliances and determine assessable donations, if any, pursuant to RMC No. 30-2016 in relation to donated commercials, advertisements or any media publications for campaign purposes in favor of the candidates.

V. Penalty

Non-compliance with this Order shall be subject to the following:

a. Imposition of penalty of P1,000.00 for each failure to submit within the prescribed period as provided by Section 250 of the National Internal Revenue Code of 1997, as amended, and Revenue Memorandum order (RMO) No. 7-2015. However, "willful failure" implies fraud which cannot be compromised as stated in the same RMO; and

b. Inclusion in the priority audit program of the concerned investigating Revenue Office.

The payment of the appropriate penalty shall not relieve the media outfit from the submission of the prescribed report. The BIR shall enforce appropriate measures in order to ensure full compliance with the provisions of this Order.

VI. Effectivity

This Order shall take effect immediately.

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

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