REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

REVENUE REGULATIONS No. 2-2014

January 24, 2014

SUBJECT : New Income Tax Forms

TO : All Revenue Officials, Employees, and Others Concerned

SECTION 1 - Objective.

These Revenue Regulations are issued to prescribe the new BIR forms that will be used for income tax returns (ITRs) filing covering and starting the taxable year ended December 31, 2013.

SECTION 2 - Scope.

Pursuant to Section 244, in relation to Sections 6(H), 51(A)(1) and 51(A)(2) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are issued to prescribe the use of revised income tax forms with bar codes, and to reflect the changes in information required from said forms. This will also enable the said forms to be read by an optical character reader (OCR) for ease in scanning.

SECTION 3 - Filing of New ITR Forms.

All taxpayers required to file their ITRs under Section 51(A)(1) of the Tax Code and those not required to file under Section 51(A)(2) but who opted to do so, covering and starting taxable year ended December 31, 2013 shall use the applicable forms as follows:

1. **BIR Form No. 1700** version June 2013 (Annual Income Tax Return for Individuals Earning Purely Compensation Income);

2. **BIR Form No. 1701** version June 2013 (Annual Income Tax Return for Self-Employed Individuals, Estates and Trusts);

3. **BIR Form No. 1702-RT** version June 2013 (Annual Income Tax Return for Corporations, Partnerships and Other Non-Individual Taxpayers **Subject Only to the REGULAR** Income Tax Rate);

4. **BIR Form No. 1702-EX** version June 2013 (Annual Income Tax Return for Use Only by Corporations, Partnerships and Other Non-Individual Taxpayers **EXEMPT** Under the Tax Code, as

amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income); and

5. **BIR Form No. 1702-MX** version June 2013 (Annual Income Tax Return for Corporations, Partnerships and Other Non-Individuals with Mixed Income Subject to Multiple Income Tax Rates or with Income Subject to Special/Preferential Rate)

SECTION 4 - Rounding Off to the Nearest Peso in the ITR.

The requirement for entering centavos in the ITR has been eliminated. If the amount of centavos is 49 or less, drop down the centavos (e.g., P 100.49 = P 100.00). If the amount is 50 centavos or more, round up to the next peso (e.g., P 100.50 = P101.00).

SECTION 5 - Mandatory Itemized Deductions.

A. Corporations, partnerships and other non-individuals are mandated to use the itemized deductions in the following cases:

   1. Those exempt under the Tax Code, as amended [Section 30 and those exempted under Section 27(C)] and other special laws, with no other taxable income;
   2. Those with income subject to special/preferential tax rates; and
   3. Those with income subject to income tax rate under Section 27(A) and 28(A)(1) of the Tax Code, as amended, and also with income subject to special/preferential tax rates.

   Juridical entities whose taxable base is the gross revenue or receipts (e.g., non-resident foreign international carriers) are not entitled to the itemized deductions nor to the optional standard deduction (OSD) under Section 34(L) of the Tax Code, as amended.

B. Individual taxpayers who are not entitled to avail of the OSD and thus use only the itemized deduction method are as follows:

   1. Those exempt under the Tax Code, as amended, and other special laws with no other taxable income [e.g. Barangay Micro Business Enterprise (BMBE)];
   2. Those with income subject to special/preferential tax rates; and
   3. Those with income subject to income tax rate under Section 24 of the Tax Code, as amended, and also with income subject to special/preferential tax rates.

SECTION 6 - Transitory Provisions.

Taxpayers who filed using old forms for their 2013 ITRs (manual and/or electronic) must re-file using the new income tax forms upon their availability.

SECTION 7 - Repealing Clause.

All existing regulations and other issuances or portions thereof which are inconsistent with the provisions of these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 8 - Effectivity.

These Regulations shall take effect starting the taxable year ended December 31, 2013 and after fifteen (15) days following publication in two (2) newspapers of general circulation.

(Original Signed)
CESAR V. PURISIMA
Secretary of Finance

Recommending approval

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