REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

March 7, 2011

REVENUE REGULATIONS NO. 3-2011

SUBJECT : REGULATIONS PROVIDING FOR THE POLICIES, GUIDELINES AND PROCEDURES ON THE APPLICATION FOR CHANGE IN ACCOUNTING PERIOD UNDER SECTION 46 OF THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997, AS AMENDED

TO : All Revenue Officials and Others Concerned

Section 1. OBJECTIVE. – These Regulations are hereby promulgated to provide the guidelines and prescribe the documentary requirements on the application for change in accounting period. It is also issued to streamline the processing of applications for approval of changes in accounting period to improve the efficiency and service to the taxpayers.

Section 2. CHANGE OF ACCOUNTING PERIOD. – Pursuant to Section 46 of the NIRC of 1997, as amended, if a taxpayer, other than an individual, changes his accounting period from fiscal year to calendar year, from calendar year to fiscal year, or from one fiscal year to another, the net income shall, with the approval of the Bureau of Internal Revenue (BIR), be computed on the basis of such new accounting period. Whenever a taxpayer changes its accounting period, the taxpayer is required to file with the BIR a separate final or adjustment return for the period between the close of the original accounting period and the date designated as the close of the new accounting period.

Section 3. DOCUMENTARY REQUIREMENTS. – The following are the documentary requirements which must be submitted when seeking approval for change in accounting period:

1. Letter Request addressed to the Revenue District Officer having jurisdiction over the place of business of the taxpayer, indicating:
    a. The original accounting period and the proposed new accounting period to be adopted; and
    b. The reasons for desiring to change the accounting period.
2. Duly filled-up BIR Form No. 1905;
3. Certified true copy of the Securities and Exchange Commission approved Amended By-Laws showing the change in accounting period;
4. Sworn certification of "non-forum shopping" stating that such request has not been filed or previously acted upon by the BIR National Office, signed by the taxpayer or duly authorized representative; and

5. A sworn undertaking by a responsible officer of the taxpayer, such as a partner, president, general manager, branch manager, treasurer or officer-in-charge, to file a separate final or adjustment return for the period between the close of the original accounting period and the date designated as the close of the new accounting period on or before the 15th day of the fourth month following the end of the period covered by the final/adjustment return. The undertaking shall include a clause stating that failure to comply with such undertaking will result to the invalidation of the approval of the change in accounting period, and will subject the taxpayer to criminal offense for failure to file return, supply correct and accurate information punishable under Section 255 of the NIRC of 1997, as amended. The pro-forma endorsement is attached hereto as **Annex "A"**.

Section 4. WHEN TO FILE. – The request for approval of the change in accounting period should be filed at anytime not less than sixty (60) days prior to the beginning of the proposed new accounting period.

Section 5. PROCESSING OF REQUEST FOR ISSUANCE OF CERTIFICATE GRANTING CHANGE IN ACCOUNTING PERIOD

A. APPLICATION AND PRE-EVALUATION BY THE REVENUE DISTRICT OFFICE

1. The requesting corporation shall submit all the documentary requirements for the processing of its Certificate of Change in Accounting Period.

2. The Officer of the Day in the concerned RDO shall pre-evaluate the application if it satisfactorily complies with the herein prescribed guidelines using the Action Sheet-Checklist of Requirements **(Annex "B")**.
    a. If found complete and in order, he shall then forward the application together with the supporting documents to the Revenue District Officer who, in turn, shall thoroughly evaluate the same. Otherwise, a Notice to Comply **(Annex "C")** shall be issued by the Revenue District Officer to the representative of the applicant corporation.
    b. If after the lapse of the period given in the Notice to Comply, the applicant fails to submit documents required, a Notice of Archiving **(Annex "D")** shall be issued by the Revenue District Officer.

3. The Revenue District Officer shall prepare an endorsement letter addressed to the Chief, Legal Division of the Revenue Region having jurisdiction over the RDO. The pro-forma endorsement is attached hereto as **Annex "E"**.

    The Revenue District Officer, within five (5) days from receipt of the application together with complete documentary requirements, shall then transmit his

endorsement letter together with complete set of documents to the Legal Division of the Revenue Region for evaluation.

B. EVALUATION AND PREPARATION OF CERTIFICATES OF GRANTING CHANGE IN ACCOUNTING PERIOD

1. Upon receipt by the Chief, Legal Division of the Regional Office of applications for approval of change in accounting period, he shall assign the same to an action officer for evaluation and the appropriate action.

   If in order, the Chief, Legal Division shall sign a Memorandum Indorsement for the Regional Director's issuance of Certificate Granting the Change in Accounting Period, otherwise, the same shall be returned to the RDO concerned with a memorandum of their review findings and evaluation.

2. The Certificate Granting the Change in Accounting Period shall follow the format hereto attached as **Annex "F"**, which have been made an integral part of this Revenue Regulations.

C. APPROVAL OF CHANGE IN ACCOUNTING PERIOD AND ISSUANCE OF CERTIFICATES BY THE REGIONAL DIRECTOR

1. The application for the issuance of Certificate Granting the Change in Accounting Period shall be signed by the Regional Director if he finds the same to be in order. Otherwise, the same shall be returned to the Legal Division/RDO with a memorandum of his review findings and evaluation.

2. Only applications which strictly comply with the legal and documentary requirements prescribed herein shall be approved by the Regional Director.

D. NUMBERING AND RELEASING OF CERTIFICATES

1. Immediately after the Certificate Granting the Change in Accounting Period has been approved and signed by the Regional Director, the same shall be numbered in the upper right portion of the Certificate.

2. The Certification shall adopt the following numbering code:

   "BIR CGCAP No. RR 01-RDO 001-00001-2011" where

   a. RR 01 stands for the issuing Revenue Region;
   b. RDO 001 refers to the RDO No. where the organization is registered;

c. 00001 indicates that this is the first certificate issued for the year in the Regional Office concerned and
d. 2011 represents the year the CGCAP was issued.

3. The Legal Division of the Revenue Region shall prepare the Certificates in three (3) copies to be issued and distributed as follows:

Original	-	taxpayer's copy
Duplicate copy	-	to be attached to the docket
Triplicate copy-	-	to the ACIR, Legal Service

a. The Legal Division must ensure that the original copy of the signed Certificate must bear the official dry seal of the Bureau before their release to taxpayers to avoid invalidation of the same.
b. The Legal Division shall maintain a permanent record book where the Certificate Granting the Change in Accounting Period Number, Applicant Corporation, and the Date of Issue.

Section 6. PERIOD WITHIN WHICH TO ISSUE THE CERTIFICATION. – The certification approving the adoption of a new accounting period must be released within thirty (30) working days from the date of receipt of the complete documentary requirements.

Section 7. REPEALING CLAUSE. – Any revenue issuances or parts thereof inconsistent with this Regulation is considered revoked, repealed or modified accordingly.

Section 8. EFFECTIVITY. – These Regulations shall take effect after fifteen (15) days from date of publication in a newspaper of general circulation.

(Original Signed)
CESAR V. PURISIMA
Secretary of Finance

Recommending Approval:

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