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

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
MAR 12 2015
RECEIVED

March 9, 2015

REVENUE REGULATIONS NO. 3-2015

SUBJECT : Implementing the Provisions of Republic Act No. 10653, More Particularly on the Increase of the Total Amount of Exclusion to P82,000.00 for 13th Month Pay and Other Benefits from Gross Income, Effectively Further Amending the Pertinent Provisions of Revenue Regulations No. 2-98

TO : All Internal Revenue Officials and Others Concerned

SECTION 1. SCOPE. – Pursuant to the provisions of Section 4 in relation to Section 244 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to implement the provisions Republic Act (RA) No. 10653, "An Act Adjusting the 13th Month Pay and Other Benefits Ceiling Excluded from the Computation of Gross Income for Purposes of Income Taxation, Amending for the Purpose Section 32 (B), Chapter VI of the National Internal Revenue Code of 1997, As Amended", more particularly on the increase of the total amount of exclusion to Eighty Two Thousand Pesos (P82,000.00) for thirteenth (13th) month pay and other benefits from gross income, further amending, in effect, the pertinent provisions of Revenue Regulations No. 2-98.

SEC. 2 AMENDATORY PROVISION ON REVENUE REGULATIONS NO. 2-98. – The amount of Thirty Thousand Pesos (P30,000.00), specifically referring to the total amount of 13th month pay and other benefits as one of the exclusions from gross compensation income received by an employee prescribed under the pertinent provisions, including the example computations, of Revenue Regulations (RR) No. 2-98, as amended, is hereby increased to "Eighty Two Thousand Pesos (P82,000.00)", pursuant to the provisions of RA No. 10653.

Accordingly, the amount of P82,000.00 shall ONLY apply to the 13th month pay and other benefits prescribed under the provisions of Section 2.78.1.(B)(11) of RR No. 2-98, as amended, and shall in no case apply to other compensation received by an employee under an employer-employee relationship, such as basic salary and other allowances. Further, it must be emphasized that this exclusion from gross income is not applicable to self-employed individuals and income generated from business.

SEC 3. TRANSITORY PROVISIONS. – The amount of P82,000.00 shall apply to the 13th month pay and other benefits paid or accrued beginning January 1, 2015.

For the effective implementation of these Regulations, all taxpayers-employers shall ensure the correct computation and application of the said increase on the 13th month and other benefits of the employees, in the year-end adjustments, and the same shall be clearly indicated, among others, in the Certificate of Compensation/Tax Withheld (BIR Form No. 2316). The said BIR form shall be issued by the employer to the employee on or before January 31 of the succeeding calendar year, or if the employment is terminated before the close of such calendar year, on the day on which the last payment of compensation is made. In case the employee whose employment is terminated and subsequently employed by another employer before the close of the calendar year, employee-transferee shall immediately furnish the new employer the accomplished BIR form issued by the previous employer, for the appropriate withholding tax computation of the employee's regular compensation and subsequent year-end adjustment, if any.

SEC. 4. PENALTIES. – Any violation of these Regulations shall be subject to the corresponding penalties under the pertinent provisions of the NIRC of 1997, as amended, and applicable regulations issued by the BIR.

SEC. 5. SEPARABILITY CLAUSE. – If any provision of these Regulations is declared invalid by a competent court, the remainder of these Regulations or any provision not affected by such declaration of invalidity shall remain in force and effect.

SEC. 6. REPEALING CLAUSE. – The provisions of any existing regulations, rulings or orders, or portions thereof inconsistent with the provisions of these Regulations are hereby revoked, repealed or amended accordingly.

SEC. 7. EFFECTIVITY. – These Regulations shall take effect fifteen (15) days immediately after publication thereof in a leading newspaper of general circulation.

CESAR V. PURISIMA
Secretary of Finance

025425

Recommending Approval:

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

031107

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
11:47 A.M.
MAR 13 2015
RECEIVED