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

March 3, 2014

REVENUE REGULATIONS NO. 4-2014

SUBJECT : Guidelines and Policies for the Monitoring of Service fees of Professionals

TO : All Internal Revenue Officers and Others Concerned

Section 1. Background —

In line with the Bureau of Internal Revenue's (BIR) campaign to promote transparency and to eradicate tax evasion among self-employed professionals, the BIR has consistently enjoined them to comply with the BIR's requirements on registration pursuant to Section 236 of the National Internal Revenue Code (NIRC) of 1997, as amended and issuance of official receipts and invoices under Sections 113 and 237 of the same Code. In order to complement these efforts, there is a pressing need to monitor the service fees charged by self-employed professionals.

Pursuant to Section 244 of the NIRC of 1997, as amended, these regulations are issued for the purpose of monitoring the fees charged by the professionals, aid the BIR personnel in conducting tax audit and boost revenue collections in such sectors.

Section 2. Policies and Guidelines —

1. Self-employed professionals shall register and pay the annual registration fee (ARF) with the RDO/LTDO having jurisdiction over them. In addition to the requirements for annual registration, all self-employed professionals shall submit an affidavit indicating the rates, manner of billings and the factors they consider in determining their service fees upon registration and every year thereafter on or before January 31.

2. Self-employed professionals are obligated to register the books of accounts and official appointment books of their practice of profession /occupation/calling before using the same. The official appointment books shall contain only the names of the client and the date/time of the meeting. They are likewise obligated to register their sales invoices and official receipts (VAT or non-VAT) before using them in any transactions.

3. In cases when no professional fees are charged by the professional and paid by client, a BIR registered receipt, duly acknowledged by the latter, shall be issued showing a discount of 100% as substantiation of the "pro-bono' service.

SECTION 3. Transitory Provision. — All existing and registered self-employed professionals at the time these Regulations became effective are required to submit the required affidavit and register its official appointment books within thirty (30) days from date of effectivity of these Regulations.

SECTION 4. Penalty Clause. — Any violation of the provisions of these Regulations shall be subject to the penalties provided for in Sections 254 and 275, and other pertinent provisions of the NIRC of 1997, as amended.

SECTION 5. Repealing Clause. — Any rules and regulations or parts thereof inconsistent with the provisions of these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 6. Effectivity. —The provisions of these Regulations shall take effect after fifteen (15) days following publication in any newspaper of general circulation.

(Original Signed)
CESAR V. PURISIMA
Secretary of Finance

Recommending Approval:

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