REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

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REVENUE REGULATIONS NO. 4-2020

SUBJECT : Implements the provisions of Republic Act No. 11256, also known as "An Act to Strengthen the Country's Gross International Reserves, Amending for the Purpose Sections 32 and 151 of the National Internal Revenue Code, As Amended, and For Other Purposes"

TO : All Internal Revenue Officers and Other Concerned

SECTION 1. SCOPE. – Pursuant to the provisions of Section 244 of the National Internal Revenue Code ("NIRC"), as amended, the following Regulations are hereby promulgated to implement the provisions of Republic Act No. 11256, also known as "An Act to Strengthen the Country's Gross International Reserves, Amending for the Purpose Sections 32 and 151 of the National Internal Revenue Code, As Amended, and For Other Purposes".

SECTION 2. DEFINITION OF TERMS. For purposes of these Regulations, the following terms are defined as follows:

a) **Accredited Traders** – persons and/or entities engaged in the business of buying and selling gold that have complied with the BSP's gold trader accreditation procedures.

b) **Registered Small-Scale Miners (SSMs)** – refer to Filipino citizens who have organized themselves as an individual miner or cooperative duly licensed by the Mines and Geosciences Bureau (MGB) to engage in the extraction of minerals or ore-bearing materials from the ground under the terms of a small-scale mining contract, as defined under DENR DAO No. 2015-03, or any subsequent administrative issuance/s of the relevant government agency governing the registration of SSMs.

c) **Small-Scale Mining Contract** – refers to the co-production, joint venture, or mineral production sharing agreement between the government and a small-scale mining contractor for the small-scale utilization of a plot of mineral inside a Small-Scale Mining Area or *Minahang Bayan*, as defined under DENR DAO No. 2015-03, or any subsequent administrative issuance/s of the relevant government agency governing the registration of SSMs.

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SECTION 3. TAX EXEMPTIONS. – Transactions as provided hereunder shall be exempt from taxes, as follows:

a) Income derived from the following sale of gold are excluded in the gross income and shall be exempt from income tax, and consequently from withholding taxes:
   1) The sale of gold to the BSP by registered SSMs and accredited traders; and
   2) The sale of gold by registered SSMs to accredited traders for eventual sale to the BSP.

b) Excise tax shall not be levied, assessed and collected on the following:
   1) The sale of gold to the BSP by registered SSMs and accredited traders; and
   2) The sale of gold by registered SSMs to accredited traders for eventual sale to the BSP.

If an excise tax has been otherwise paid prior to the sale of gold to the BSP, the taxpayer may file a claim for refund or credit with the Commissioner of Internal Revenue for the excise tax paid.

SECTION 4. ISSUANCE OF TAX IDENTIFICATION NUMBER – All SSMs and accredited traders are required to obtain a Tax Identification Number ("TIN") which shall serve as basis for the income and excise tax exemption of their sale, or eventual sale, of gold to BSP.

SECTION 5. REQUIREMENT FOR AVAILMENT OF TAX EXEMPTION. The BSP Certification issued to registered SSMs upon receipt of a certified copy of a valid and effective Small-Scale Mining Contract from the relevant agency, and to accredited traders upon submission of the complete accreditation requirements shall be the basis for the tax exemptions and non-withholding/collection of taxes under R.A. No. 11256.

In the event that the tax exemption is found by the BIR as not applicable to a BSP transaction with a person or entity purporting to be a registered SSM and/or accredited trader, such person or entity shall be primarily and solely liable for any deficiency taxes that may be assessed by the BIR.

SECTION 6. SALE TO ACCREDITED TRADERS FOR EVENTUAL SALE TO BSP. For purposes of validating the sale to accredited traders, SSMs shall issue Acknowledgment of Gold Delivery and Sale, stating therein their TIN, to such accredited traders. This, in turn, shall be submitted to BSP by accredited traders upon eventual sale of the gold to the BSP.

In any case, all gold sold to the BSP by accredited traders shall be presumed to have been purchased by said accredited traders from SSMs.

SECTION 7. REPORT OF SALES TRANSACTION. The BSP shall report to the BIR on a monthly basis the details of the sales transaction from registered SSMs and accredited traders.

SECTION 8. TRANSITORY PROVISION. – Notwithstanding Sections 7, 8, and 9 of the Implementing Rules and Regulations (IRR) of R.A. No. 11256, SSMs and traders shall be given a period of one (1) year, which may be extended for a period not exceeding three (3) years, from the effectivity of the IRR to comply with the registration and accreditation requirements to avail of the tax exemption.

During this transitory period, BSP shall issue a temporary certification to SSMs and traders; in the case of SSMs, upon submission of proof of their pending application for registration with the relevant agency, and in the case of traders, upon submission of proof of their pending application for accreditation with the BSP. SSMs and traders holding such temporary certification shall enjoy the tax exemptions and non-withholding/collection of taxes, provided, that they comply with the procedure for the sale of gold to BSP under Section 10 of the IRR of R.A. No. 11256.

Upon the lapse of the said transitory period, all sale of gold to the BSP by non-registered SSMs and/or non-accredited traders shall be subject to the applicable taxes under the NIRC of 1997, as amended.

SECTION 9. REPEALING CLAUSE. All revenue rules and regulations, and other revenue issuances or parts thereof, which are inconsistent with these Regulations are hereby repealed or modified accordingly.

SECTION 10. EFFECTIVITY. These Regulations shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general circulations, whichever comes first.

CARLOS G. DOMINGUEZ III
Secretary of Finance
JAN 29 2020

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue
031993

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