REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

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REVENUE REGULATIONS NO. 5-2019

Subject: **Implementing the Tax Incentives Provisions of Republic Act No. 10771, Otherwise Known as the "Philippine Green Jobs Act of 2016"**

TO : All Internal Revenue Officers and Others Concerned

SECTION 1. SCOPE. - Pursuant to Section 244 of the National Internal Revenue Code of 1997 (Tax Code), as amended, the following Regulations are hereby promulgated to implement the tax provisions of R.A. No. 10771, otherwise known as the "*Philippine Green Jobs Act of 2016*".

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

(a) ***Business enterprises*** refer to establishments engaged in the production, manufacturing, processing, repacking, assembly, or sale of goods and/or services, including service-oriented enterprises. They shall include (1) self-employed or own-account workers; (2) micro, small and medium enterprises (MSMEs); and (3) community-based enterprises;

(b) ***Climate change*** refers to a change in climate that can be identified by changes in the mean or variability of its properties and that persists for an extended period typically decades or longer, whether due to natural variability or as a result of human activity;

(c) ***Green building practices*** refer to the adoption of measures that promote resource management efficiency and site sustainability while minimizing the negative impact of buildings on human health and the environment;

(d) ***Green economy*** refers to one which is low-carbon and resource-efficient, and results in the generation of green jobs and in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities;

(e) ***Green goods and services*** refer to goods and services that benefit the environment or conserve natural resources, and may include research and development, installation and maintenance services;

(f) ***Green jobs*** refer to employment that contributes to preserving or restoring the quality of the environment, be it in the agriculture, industry or services sector. Specifically, but not exclusively, this includes jobs that help to protect ecosystems and biodiversity, reduce energy, materials, and water consumption through high efficiency strategies, decarbonize the economy, and minimize or altogether avoid generation of all forms of waste and pollution. Green jobs are decent jobs that are productive, respect the rights of workers, deliver a fair income, provide security in the workplace and social protection for families and promote social dialogue;

(g) ***Green technologies*** refer to the development and application of products, equipment and systems used to conserve the environment and natural resources;

(h) ***Sustainable development*** refers to development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs;

(i) ***Application for tax incentives or tax exemption*** shall refer to the application by the qualified business enterprise as certified by the Secretary of the Climate Change Commission or his duly authorized representative for additional special deduction in arriving at the net taxable income.

SECTION 3. COVERAGE. - Qualified "business enterprises" as defined in Section 2 (a) of these Regulations duly certified by the Secretary of the Climate Change Commission or his duly authorized representative.

SECTION 4. TAX INCENTIVES. - A qualified business enterprise shall be entitled to a special deduction from the taxable income equivalent to fifty percent (50%) of the total expense for skills training and research development expenses subject to the following conditions:

(1) That the deduction shall be availed of in the taxable year in which the expenses have been paid or incurred;

(2) That the taxpayer can substantiate the deduction with sufficient evidence, such as official receipts, delivery receipts and other adequate records –

(2.1) The amount of expenses being claimed as deduction;

(2.2) The direct connection or relation of the expenses incurred for skills training and research development of the business enterprise;

(3) Such special deductions shall be over and above the allowable and ordinary and necessary business deductions for said expenses under the Tax Code of 1997, as amended;

SECTION 5. PROCEDURES FOR THE AVAILMENT OF TAX INCENTIVES. - In order to avail of the tax incentives provided for under these Regulations, qualified business enterprise shall:

(1) Register or update its registration by submitting with the Revenue District Office, where the qualified business enterprise is registered, the certification issued by the Climate Change Commission that the enterprise is qualified to avail the incentives;

(2) Upon filing the income tax returns/annual information returns, furnish the Revenue District Officer of the place where the said qualified business enterprise is registered, the following:

a) A sworn list of the total expenses paid or incurred for skills training and research development during the year;

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b) A sworn list of the activities and/or projects undertaken by the institution and the cost of each undertaking indicating in particular where and how the expenses were paid or incurred.

c) A sworn declaration that the expenses paid or incurred for skills training research development has a direct connection or relation to the activities and/or projects of the business enterprise that generate and sustain green jobs.

SECTION 6. DATE AND PLACE OF FILING RETURNS. -

(a) Time of Filing. - Claims for special deduction of 50% of the total expense for skills training and research development expenses by the qualified business enterprise shall be filed at the time of filing of the income tax returns.

(b) Place of Filing. - The income tax return and/or the annual information return of the qualified business enterprise shall be filed in the Revenue District Office where the qualified business enterprise is registered.

SECTION 7. 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 8. EFFECTIVITY. - These Regulations shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general circulation, whichever comes first.

CARLOS G. DOMINGUEZ III
Secretary of Finance
APR 02 2019

Recommending Approval:

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CAESAR R. DULAY
Commissioner of Internal Revenue
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