



## GES NewsFlash

# Philippines - Issuance of New Income Tax Returns for Income Tax Filing Starting with Calendar Year 2011

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**November 17, 2011**

### Summary

The Bureau of Internal Revenue (BIR) has formally issued the June 2011 versions of the Annual Income Tax Return (ITR) for individuals earning purely compensation income (BIR Form No. 1700); self-employed individuals, estates, and trusts (including those with both business and compensation income) (BIR Form No. 1701); and corporations, partnerships, and other non-individual taxpayers (BIR Form No. 1702).

The enhanced forms require the declaration of additional information such as income subject to final tax, income exempt from tax, and exclusions from gross income under Section 32(B) of the Tax Code.

Under the new forms that were released by the BIR in mid-October 2011, the BIR has removed the new requirement for certain individuals to file income tax returns, as provided in the guidelines and instruction of BIR Form Nos. 1700 and 1701 as annexed to Revenue Memorandum Circular No. 40-2011 last September 2011. In the new BIR Form No. 1700, the following individuals shall be exempt from filing an ITR:

- Individuals whose gross compensation income does not exceed his or her total personal income and additional exemptions.
- Individuals earning purely compensation income, wherein the income tax on such compensation income has been correctly withheld and hence the individual is qualified for substituted filing.
- Individual taxpayers whose sole income have been subjected to final withholding tax (FWT), regardless of whether the FWT has been remitted to the BIR. This includes employees of regional or area headquarters and regional operating headquarters subject to the 15% final tax.
- Minimum wage earners or individuals who are exempt from income tax.

BIR Form No. 1700 also provides that individuals not required to file an ITR or those qualified for substituted filing may voluntarily file the said return for purposes of loans, foreign travel requirements, and other purposes they may deem proper. However, individuals other than those solely earning income as Overseas Filipino Workers availing of the benefits of special law, such as, but not limited to, the PERA Law, are required to file an ITR.

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## People to contact

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals at our Deloitte offices as follows:

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