



Republika ng Pilipinas  
Kagawaran ng Pananalapi  
Kawanihan ng Rentas Internas

# Annual Income Tax Return

[For Self-Employed Individuals, Estates and Trusts (Including those with both Business and Compensation Income)]

BIR Form No.

# 1701

November 2011

All information must be written in CAPITAL LETTERS

Fill in all blank spaces. Shade all applicable circles.

TO BE FILED IN THREE (3) COPIES: (1) BIR FILE COPY (2) BIR ENCODING COPY (3) TAXPAYER FILE COPY

1 For the year (YYYY) <input style="width: 40px;" type="text"/>	2 Amended Return? <input type="radio"/> Yes <input type="radio"/> No	3 Joint Filing? <input type="radio"/> Yes <input type="radio"/> No
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### Part 1 Background Information Taxpayer/Filer

4 Taxpayer Identification Number (TIN) <input style="width: 90%; height: 20px;" type="text"/>	5 RDO Code <input style="width: 40px;" type="text"/>
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6 Taxpayer's Name <input style="width: 95%; height: 20px;" type="text"/>	<i>Last Name</i>	<i>First Name</i>	<i>Middle Name</i>
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7 Registered Address <input style="width: 95%; height: 20px;" type="text"/> <i>(Unit/Room Number/Floor)</i>	<input style="width: 95%; height: 20px;" type="text"/> <i>(Building Name)</i>			
<input style="width: 25%; height: 20px;" type="text"/> <i>(Lot Number)</i>	<input style="width: 25%; height: 20px;" type="text"/> <i>(Block Number)</i>	<input style="width: 25%; height: 20px;" type="text"/> <i>(Phase Number)</i>	<input style="width: 25%; height: 20px;" type="text"/> <i>(House/Building Number)</i>	<input style="width: 50%; height: 20px;" type="text"/> <i>(Street Name)</i>
<input style="width: 50%; height: 20px;" type="text"/> <i>(Subdivision/Village)</i>	<input style="width: 50%; height: 20px;" type="text"/> <i>(Barangay)</i>	<input style="width: 20%; height: 20px;" type="text"/> <i>(Province)</i>	<input style="width: 20%; height: 20px;" type="text"/> <i>(Zip Code)</i>	<input style="width: 20%; height: 20px;" type="text"/>

8 Date of Birth (MM/DD/YYYY) <input style="width: 40px;" type="text"/>	9 Gender <input type="radio"/> Male <input type="radio"/> Female	10 Civil Status <input type="radio"/> Single <input type="radio"/> Married <input type="radio"/> Separated <input type="radio"/> Widower
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11 Contact Number <input style="width: 90%;" type="text"/>	12 E-mail Address <input style="width: 95%;" type="text"/>
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13 Line of Business <input style="width: 90%;" type="text"/>	14 Alphanumeric Tax Code (ATC) <input type="radio"/> II 011 Compensation Income <input type="radio"/> II 012 Business Income/Income from Profession <input type="radio"/> II 013 Mixed Income <input type="radio"/>
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15 Method of Deduction <input type="radio"/> Itemized Deduction [Secs. 34 (A to J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Sales/Receipts/Revenues/ Fees [Section 34(L), NIRC, as amended by R.A. No. 9504]	16 Claiming for Additional Exemptions? <input type="radio"/> Yes <input type="radio"/> No	17 If yes, number of Qualified Dependent Children <input style="width: 20px;" type="text"/>
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### Spouse

18 Spouse's Name <input style="width: 95%; height: 20px;" type="text"/>	<i>Last Name</i>	<i>First Name</i>	<i>Middle Name</i>
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19 Spouse's Taxpayer Identification Number (TIN) <input style="width: 90%; height: 20px;" type="text"/>	20 Spouse's RDO Code <input style="width: 40px;" type="text"/>
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21 Spouse's Date of Birth (MM/DD/YYYY) <input style="width: 40px;" type="text"/>	22 Spouse's Contact Number <input style="width: 90%;" type="text"/>	23 Spouse's E-mail Address <input style="width: 95%;" type="text"/>
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24 Spouse's Line of Business <input style="width: 90%;" type="text"/>	25 Spouse's Alphanumeric Tax Code (ATC) <input type="radio"/> II 011 Compensation Income <input type="radio"/> II 012 Business Income/Income from Profession <input type="radio"/> II 013 Mixed Income <input type="radio"/>
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26 Spouse's Method of Deduction <input type="radio"/> Itemized Deduction [Secs. 34 (A to J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Sales/Receipts/Revenues/Fees [Section 34(L), NIRC, as amended by R.A. No. 9504]	27 Spouse's Claiming for Additional Exemptions? <input type="radio"/> Yes <input type="radio"/> No	28 Spouse's If yes, number of Qualified Dependent Children <input style="width: 20px;" type="text"/>
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29 Qualified Dependent Children					Mark, if Physically/Mentally Incapacitated
Last Name	First Name	Middle Name	Date of Birth (MM/DD/YYYY)		
1	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 20px;" type="text"/>	<input type="radio"/>
2	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 20px;" type="text"/>	<input type="radio"/>
3	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 20px;" type="text"/>	<input type="radio"/>
4	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 95%; height: 20px;" type="text"/>	<input style="width: 20px;" type="text"/>	<input type="radio"/>

30 Are you availing of tax relief under Special Law or International Tax Treaty? <input type="radio"/> Yes <input type="radio"/> No
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Part V	Breakdown of Income (attach additional sheet/s, if necessary)											
	EXEMPT				SPECIAL RATE				REGULAR RATE			
	Taxpayer/Filer		Spouse		Taxpayer/Filer		Spouse		Taxpayer/Filer		Spouse	
51 Gross Compensation Income (from Schedule 1)									51A		51B	
52 Less: Non-Taxable/Exempt Compensation									52A		52B	
53 Gross Taxable Compensation Income (Item 51A less 52A/ 51B less 52B)									53A		53B	
54 Less: Deductions												
54A/B Premium on Health and/or Hospitalization Insurance (not to exceed P 2,400/year)									54A		54B	
54C/D Personal Exemption/Exemption for Estate and Trust									54C		54D	
54E/F Additional Exemption									54E		54F	
54G/H Total Deductions (Sum of Items 54A, C & E/ 54B, D & F)									54G		54H	
55 Total Compensation Income/(Excess of Deductions) (Item 53A less 54G/ 53B less 54H)									55A		55B	
56 Sales/Revenues/Receipts/Fees (net of sales returns, allowances and discounts)	56A		56B		56C		56D		56E		56F	
57 Add: Other Taxable/Exempt Income from Operations, not subject to Final Tax												
57A/B/C/D/E/F					57C		57D		57E		57F	
57G/H/I/J/K/L					57I		57J		57K		57L	
57M/N/O/P/Q/R Total (Sum of Item 57A & 57G/ 57B & 57H/ 57C & 57I/ 57D & 57J/ 57E & 57K/ 57F & 57L)	57M		57N		57O		57P		57Q		57R	
58 Total Sales/Revenues/Receipts/Fees (Sum of Item 56A & 57M/ 56B & 57N/ 56C & 57O/ 56D & 57P/ 56E & 57Q/ 56F & 57R)	58A		58B		58C		58D		58E		58F	
59 Less: Cost of Sales/Services	59A		59B		59C		59D		59E		59F	
60 Net Sales/Revenues/Receipts/Fees (Item 58 less 59)	60A		60B		60C		60D		60E		60F	
61 Add: Non-Operating Taxable Income	61A		61B		61C		61D		61E		61F	
62 Gross Income (Sum of Item 60 & 61)	62A		62B		62C		62D		62E		62F	
63 Less: Deductions												
63A/B Optional Standard Deduction (OSD)									63A		63B	
<b>OR</b>												
63C/D/E/F/G/H Regular Allowable Itemized Deductions	63C		63D		63E		63F		63G		63H	
Special Allowable Itemized Deductions												
	Description					Legal Basis						
63I/J/K/L/M/N					63I		63J		63K		63L	
63O/P/Q/R/S/T					63O		63P		63Q		63R	
63U/V/W/X/Y/Z Allowance for NOLCO (from Item 83)	63U		63V		63W		63X		63Y		63Z	
63AA/AB/AC/AD/AE/AF Total Allowable Itemized Deductions (Sum of Items 63C, I, O & U/ 63D, J, P & V/ 63E, K, Q & W/ 63F, L, R & X/ 63G, M, S & Y/ 63H, N, T & Z)	63AA		63AB		63AC		63AD		63AE		63AF	
64 Net Income (Item 62A less 63AA/ 62B less 63AB/ 62C less 63AC/ 62D less 63AD/ 62E less 63AE/ 62F less 63AF) (to Item 90 of Part VI-Schedule 3)	64A		64B		64C		64D		64E		64F	
65 Less: Excess of Deductions over Taxable Compensation Income (from Item 55A/55B) OR the Total Deductions (from Item 54G/54H), if there is no Compensation Income	65A		65B		65C		65D		65E		65F	
66 Taxable/Exempt Business Income/Income from Profession (Item 64 less 65)	66A		66B		66C		66D		66E		66F	
67 Total Taxable Income (Sum of Item 55 & 66)	67A		67B		67C		67D		67E		67F	
68 Applicable Tax Rate (i.e. special/regular rate)					68A		68B		68C		68D	
69 Income Tax Due (refer to Tax Table below) (to Item 32A & 32B/ 31A & 31B)												
70 Less: Share of Other Agencies												
71 Income Tax Due to National Government Under Special Rate (Item 69A less 70A/ 69B less 70B)					69A		69B		69C		69D	

**TAX TABLE**

<p><b>If Taxable Income is:</b>                  Not over P 10,000                  Over P 10,000 but not over P 30,000                  Over P 30,000 but not over P 70,000                  Over P 70,000 but not over P 140,000</p>	<p><b>Tax Due is:</b>                  5%                  P 500 + 10% of the excess over P 10,000                  P 2,500 + 15% of the excess over P 30,000                  P 8,500 + 20% of the excess over P 70,000</p>	<p><b>If Taxable Income is:</b>                  Over P 140,000 but not over P 250,000                  Over P 250,000 but not over P 500,000                  Over P 500,000</p>	<p><b>Tax Due is:</b>                  P 22,500 + 25% of the excess over P 140,000                  P 50,000 + 30% of the excess over P 250,000                  P 125,000 + 32% of the excess over P 500,000</p>
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NOTE: Read Guidelines and Instructions on page 6

**Part VI SCHEDULES**

**Schedule 1 Gross Compensation Income and Tax Withheld (attach additional sheet/s, if necessary)**

72	Name of Employer	72A	Taxpayer Identification Number (TIN)	72B	Compensation Income	TAXPAYER/FILER		SPOUSE					
						72C	Tax Withheld	72D	Compensation Income	72E	Tax Withheld		
73		73A		73B		73C		73D		73E			
74		74A		74B		74C		74D		74E			
75	Total Compensation Income/Tax Withheld (Sum of Item 72 to 74) (to Item 51)					75A		75B		75C		75D	

**Schedule 2 Computation of Net Operating Loss Carry Over (NOLCO)**

76	Gross Income	76	
77	Less: Total Deductions exclusive of NOLCO & Deductions under Special Laws	77	
78	Net Operating Loss Carry Over (to Schedule 2A)	78	

**Schedule 2A Computation of Available Net Operating Loss Carry Over (NOLCO) (attach additional sheet/s, if necessary)**

Net Operating Loss		Net Operating Loss Carry Over (NOLCO)			
Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Net Operating Loss Unapplied
79	79A	79B	79C	79D	79E
80	80A	80B	80C	80D	80E
81	81A	81B	81C	81D	81E
82	82A	82B	82C	82D	82E
83	Total (Sum of Items 79C, 80C, 81C & 82C) (to Item 63U/V/W/X/Y/Z)				

**Schedule 3 Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)**

84	Net Income/(Loss) per Books	Special Rate		Regular Rate	
		Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse
85	Add: Other Taxable Income/Non-deductible Expenses	85A	85B	85C	85D
86	Total (Sum of Items 84A & 85A/ 84B & 85B/ 84C & 85C/ 84D & 85D)	86A	86B	86C	86D
87	Less: Total Non-taxable Income and Income Subjected to Final Tax	87A	87B	87C	87D
88	Special Deductions (e.g. direct labor, training, etc.)	88A	88B	88C	88D
89	Total (Sum of Items 87A & 88A/ 87B & 88B/ 87C & 88C/ 87D & 88D)	89A	89B	89C	89D
90	Net Income (Item 86A less 89A/ 86B less 89B/ 86C less 89C/ 86D less 89D) (from Item 64C & 64D/ 64E & 64F)	90A	90B	90C	90D

**Part VII Details of Income Tax Incentives/Exemptions (attach additional sheet/s, if necessary)**

91	Certificate of Registration/BIR Ruling/MOA/Others	Legal Basis (Special Law-R.A. No./Particular Sec. in the Tax Code of 1997, as amended)	Effectivity Date of Incentive Exemption (state exact dates)		Nature and Extent of Incentive/Exemption	Amount of Income Tax Payable under Regular Rate		Amount of Actual Income Tax Paid		Amount of Tax Relief/Savings		
			From (MM/DD/YYYY)	To (MM/DD/YYYY)		Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse	
			(C)	(D)		(F)	(G)	(H)	(I)	(J) = (F less H)	(K) = (G less I)	
92												
93												
94												
95												
96												
97												
98	Total (Sum of Items 91J to 97J/ 91K to 97K) (to Item 45)										98	

Part VIII - For Estate and Trust (Engaged in Trade and Business)			Payments to Heirs/Beneficiaries (attach additional sheet/s, if necessary)									
Name			Taxpayer Identification Number (TIN)			Amount			Tax Withheld			
99			99A	-	-	-	99B			99C		
100			100A	-	-	-	100B			100C		
101			101A	-	-	-	101B			101C		
102	Total Payment to Heirs/Beneficiaries (Sum of Items 115B, 116B & 117B)						102					

I declare, under the penalties of perjury, that this annual return has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.

103 \_\_\_\_\_  
 Signature over Printed Name of Taxpayer/Authorized Representative (attach authorization)/Accredited Tax Agent (ATA) \_\_\_\_\_  
 Position and TIN of Authorized Representative/ATA \_\_\_\_\_  
 Tax Agent Accreditation No./Atty's Roll No. (if applicable) \_\_\_\_\_  
 Issue Date \_\_\_\_\_  
 Expiry Date \_\_\_\_\_

104 Community Tax Certificate Number	105 Place of Issue	106 Date of Issue (MM/DD/YYYY)	107 Amount
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**Part IX Supplemental Information (attach additional sheet/s, if necessary)**

Gross Income/Receipts Subjected to Final Withholding		TAXPAYER/FILER				SPOUSE					
Tax on Income		Actual Amount	Final Tax Withheld/paid	Exempt	Actual Amount	Final Tax Withheld/Paid	Exempt	Actual Amount	Final Tax Withheld/Paid	Exempt	
108 Interests	108A		108B		108C		108D		108E		108F
109 Royalties					109A		109B		109C		109D
110 Dividends					110A		110B		110C		110D
111 Prizes and Winnings					111A		111B		111C		111D
112 Fringe Benefits					112A		112B		112C		112D
113 Compensation Subject to 15% Preferential Rate					113A		113B		113C		113D
114 Sale/Exchange of Real Properties	Description of Property (e.g., land, building, improvement)	OCT/TCT/CCT/Tax Declaration Number	Certificate Authorizing Registration (CAR) Number								
114A		114B	114C	114D	114E	114F	114G	114H	114I	114J	114K
114L		114M	114N	114O	114P	114Q	114R	114S	114T	114U	114V
115 Sale/Exchange of Shares of Stocks	Kind of Stocks*	Stock Certificate Series Number	Certificate Authorizing Registration (CAR) Number	Number of Shares	Date of Issue (MM/DD/YYYY)						
115A	115B	115C	115D	115E	115F	115G	115H	115I	115J	115K	115L
115M	115N	115O	115P	115Q	115R	115S	115T	115U	115V	115W	115X
[*e.g., preferred (PS), common (CS)]											
116 Other Income Subject to Final Tax Under Sec. 57(A) of the Tax Code, as amended (specify)	116A	116B	116C	116D	116E	116F	116G	116H	116I	116J	116K
117 Total Final Tax Withheld/Paid (Sum of Items 108b to 113B, 114E, 114L, 115G, 115P & 116C/ 108E, 109D to 113D, 114G, 114N, 115I, 115R & 116E)					117A						117B

Gross Income/Receipts Exempt from Income Tax		Actual Amount/Fair Market Value		Actual Amount/Fair Market Value	
118 Proceeds of Life Insurance Policy		118A		118B	
119 Return of Premium		119A		119B	
120 Retirement Benefits, Pensions, Gratuities, etc.		120A		120B	
121 Personal/Real Properties Received thru Gifts, Bequests, and Devises	Description of Property (e.g., cash, land, building, improvement)	Mode of Transfer (e.g., inheritance, donation)	Certificate Authorizing Registration (CAR) Number		
121A		121B	121C	121D	121E
122 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended (specify)	122A	122B	122C	122D	122E
123 Total Income/Receipts Exempt from Income Tax (Sum of Items 63A to 65A, 66D & 67B/ 63B to 65B, 66E & 67C)		123A		123B	

## GUIDELINES AND INSTRUCTIONS

### Who Shall File This Form

This return shall be filed by the following individuals regardless of amount of gross income:

- 1.) A resident citizen engaged in trade, business, or practice of profession within and without the Philippines.
- 2.) A resident alien, non-resident citizen or non-resident alien individual engaged in trade, business or practice of profession within the Philippines.
- 3.) A trustee of a trust, guardian of a minor, executor/administrator of an estate, or any person acting in any fiduciary capacity for any person, where such trust, estate, minor, or person is engaged in trade or business.
- 4.) An individual engaged in trade or business or in the exercise of their profession and receiving compensation income as well.

All individuals, estates and trusts above required under the law and existing issuances to file this return should also fill up Part IX hereof. Said individuals, estates and trusts shall declare such income subject to final tax and those exclusions from gross income under Section 32(B) of the Tax Code, as amended.

Married individuals shall file a return for the taxable year to include the income of both spouses, computing separately their individual income tax based on their respective total taxable income. Where it is impracticable for the spouses to file one return, each spouse may file a separate return of income. If any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.

The income of unmarried minors derived from property received from a living parent shall be included in the return of the parent except (1) when the donor's tax has been paid on such property, or (2) when the transfer of such property is exempt from donor's tax.

If the taxpayer is unable to make his own return, the return may be made by his duly authorized agent or representative or by the guardian or other person charged with the care of his person or property, the principal and his representative or guardian assuming the responsibility of making the return and incurring penalties provided for erroneous, false or fraudulent returns.

### When and Where to File and Pay

#### 1. For Electronic Filing and Payment System (eFPS) Taxpayer

The return shall be e-filed and the tax shall be e-paid on or before the **15<sup>th</sup> day of April** of each year covering income for the preceding taxable year using the eFPS facilities thru the BIR website <http://www.bir.gov.ph>.

#### 2. For Non-Electronic Filing and Payment System (non-eFPS) Taxpayer

The return shall be filed and the tax shall be paid on or before the **15<sup>th</sup> day of April** of each year covering income for the preceding taxable year with any Authorized Agent Bank (AAB) located within the territorial jurisdiction of the Revenue District Office (RDO) where the taxpayer is registered. In places where there are no AABs, the return shall be filed and the tax shall be paid with the concerned Revenue Collection Officer (RCO) under the jurisdiction of the RDO where the taxpayer is registered.

In case of "NO PAYMENT RETURNS", the same shall be filed with the RDO where the taxpayer is registered/has his legal residence or place of business in the Philippines or with the concerned RCO under the same RDO.

#### 3. For Installment Payment

When the tax due exceeds Two Thousand Pesos (P2,000), the taxpayer may elect to pay in two equal installments, the first installment to be paid at the time the return is filed and the second, **on or before July 15** of the same year.

#### 4. For Non-Resident Taxpayer

In case taxpayer has no legal residence or place of business in the Philippines, the return shall be filed with the Office of the Commissioner or Revenue District Office No. 39, South Quezon City.

### Gross Taxable Compensation Income

The gross taxable compensation income of the taxpayer does not include SSS, GSIS, Medicare and PAG-IBIG Contributions, and Union Dues.

### Taxable Income

Taxable income means the pertinent items of gross compensation and/or business income specified in the Tax Code of 1997, as amended, less the deductions and/or additional exemptions, if any, authorized for such types of income by the Code or other special laws.

### Premiums on Health and/or Hospitalization Insurance

The amount of premiums not to exceed Two Thousand Four Hundred Pesos (P 2,400) per family or Two Hundred Pesos (P 200) a month paid during the taxable year for health and/or hospitalization insurance taken by the taxpayer for himself, including his family, shall be allowed as a deduction from his gross income: *Provided*, That said family has a gross income of not more than Two Hundred Fifty Thousand Pesos (P 250,000) for the taxable year: *Provided, finally*, That in the case of married taxpayers, only the spouse claiming the additional exemption for dependents shall be entitled to this deduction.

### Personal and Additional Exemptions

Individual taxpayer, whether single or married, shall be allowed a basic personal exemption amounting to Fifty Thousand Pesos (P50,000).

In the case of married individuals where only one of the spouses is deriving gross income, only such spouse shall be allowed the personal exemption.

An individual, whether single or married, shall be allowed an additional exemption of Twenty Five Thousand Pesos (P 25,000) for each qualified dependent child, not exceeding four (4). The additional exemption for dependents shall be claimed by the husband, who is deemed the proper claimant unless he explicitly waives his right in favor of his wife.

"Dependent Child" means a legitimate, illegitimate or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect.

In the case of legally separated spouses, additional exemptions may be claimed only by the spouse who has custody of the child or children: *Provided*, That the total amount of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions allowed by the Tax Code.

### Exemption Allowed to Estates and Trusts

There shall be allowed an exemption of Twenty thousand pesos (P 20,000) from the income of the estate and trust.

### Part IX – Items 108 to 123

The filling-up of these fields is optional. The figures placed therein should be properly documented and/or substantiated.

### Change of Status

If the taxpayer marries or should have additional dependent(s) as defined above during the taxable year, the taxpayer may claim the corresponding personal or additional exemption, as the case may be, in full for such year.

If the taxpayer dies during the taxable year, his estate may still claim the personal and additional exemptions for himself and his dependent(s) as if he died at the close of such year.

If the spouse or any of the dependents dies or if any of such dependents marries, becomes twenty-one (21) years old or becomes gainfully employed during the taxable year, the taxpayer may still claim the same exemptions as if the spouse or any of the dependents died, or as if such dependents married, became twenty-one (21) years old or became employed at the close of such year.

### Allowable Deductions

A taxpayer engaged in business or in the practice of profession shall choose either the optional or itemized deduction (described below). He shall indicate his choice by marking with "X" the appropriate box, otherwise, he shall be deemed to have chosen itemized deduction. The choice made in the return is irrevocable for the taxable year covered.

**Optional Standard Deduction (OSD)** – A maximum of 40% of their gross sales or gross receipts shall be allowed as deduction in lieu of the itemized deduction. This type of deduction shall not be allowed for non-resident aliens engaged in trade or business. An individual who opts to avail of this deduction need not submit the Account Information Form (AIF)/Financial Statements.

**Regular Allowable Itemized Deductions** - There shall be allowed as deduction from gross income all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on or which are directly attributable to, the development, management, operation and/or conduct of the trade, business or exercise of a profession including a reasonable allowance for salaries, travel, rental and entertainment expenses.

Itemized deductions include also interest, taxes, losses, bad debts, depreciation, depletion, charitable and other contributions, research and development, pension trust, premium payments on health and/or hospitalization insurance.

**Special Allowable Itemized Deductions** – There shall be allowable deduction from gross income in computing taxable income, in addition to the regular allowable itemized deduction, as provided under existing regular and special laws, rules and issuances such as, but not limited to 'Rooming-in and Breast-feeding Practices under RA 7600, Adopt-a-School Program under RA 8525, Senior Citizen Discount under RA 9257, Free Legal Assistance under RA 9999.

### Tax Relief Availment

Taxpayer availing of any tax relief under the Tax Code and/or any prevailing special laws [e.g., Income Tax Holiday (ITH), preferential income tax rate, income tax exemption, additional special deductions, etc.] must completely fill up Part VII hereof.

### Fair market value

"Fair market value" as determined in accordance with Section 6(E) of the Tax Code, as amended, shall be used in reporting the non-cash income and receipts in Part IX.

### Individual whose compensation income has been subjected to final withholding tax

The term "*individual whose compensation income has been subjected to final withholding tax*" shall include aliens or Filipino citizens occupying the same positions as the alien employees, as the case may be, who are employed by regional operating headquarters, regional or area headquarters, offshore banking units, petroleum service contractors and sub-contractors, pursuant to pertinent provisions of Sections 25 (C), (D), (E) and 57(A), including those subject to Fringe Benefit Tax (FBT) under Section 33 of the Tax Code, as amended, Republic Act No. 8756, Presidential Decree No. 1354, and other pertinent laws.

### Penalties

There shall be imposed and collected as part of the tax:

1. A surcharge of twenty five percent (25%) for each of the following violations:
  - a) Failure to file any return and pay the amount of tax or installment due on or before the due dates;
  - b) Filing a return with a person or office other than those with whom it is required to be filed;
  - c) Failure to pay the full or part of the amount of tax shown on the return, or the full amount of tax due for which no return is required to be filed, on or before the due date;
  - d) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of Assessment (Delinquency Surcharge).
2. A surcharge of fifty percent (50%) of the tax or of the deficiency tax shall be imposed in case of willful neglect to file the return within the period prescribed by the Tax Code and/or by rules and regulations or in case a false or fraudulent return is filed.
3. Interest at the rate of twenty percent (20%) per annum, or such higher rate as may be prescribed by rules and regulations, on any unpaid amount of tax, from the date prescribed for the payment until it is fully paid.
4. Compromise penalty, pursuant to existing/applicable revenue issuances.

### Excess Withholding Tax

Over withholding of income tax on compensation shall be refunded by the employer, except if the over withholding is due to the employee's failure or refusal to file the withholding exemption certificate, or supplies false or inaccurate information, the excess shall not be refunded but shall be forfeited in favor of the government.

### Attachments Required

1. Account Information Form and the Certificate of the independent CPA duly accredited by the BIR except for taxpayers who opted for the Optional Standard Deduction. (The CPA Certificate is required if the gross quarterly sales, earnings, receipts or output exceed P 150,000).
2. Certificate of Income Tax Withheld on Compensation (BIR Form No. 2316).
3. Certificate of Income Payments Not Subjected to Withholding Tax (BIR Form No. 2304).
4. Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307).
5. Duly Approved Tax Debit Memo, if applicable.
6. Waiver of husband's right to claim additional exemption, if applicable.
7. Proof of prior years' excess credits, if applicable.
8. Proof of Foreign Tax Credits, if applicable.
9. For amended return, proof of tax payment and the return previously filed.
10. Authorization letter, if filed by authorized representative.
11. Proof of other tax payments/credit, if applicable.
12. Proof of Tax Payments for the First Three Quarters
13. Summary Alphabet of Withholding Agents of Income Payments Subjected to Withholding Tax at Source (SAWT), if applicable.
14. Statement of Management's Responsibility (SMR) for Annual Income Tax Return.
15. Schedules of the following which must be part of the Notes to the audited Financial Statements:
  - a. Sales/Receipts/Fees
  - b. Other Taxable Income
  - c. Cost of Sales/Services
  - d. Taxes and Licenses
  - e. Itemized Deductions (if taxpayer did not avail of OSD)
  - f. Other information prescribed to be disclosed in the Notes to Financial Statements

### Note: All Background information must be properly filled up.

- All returns filed by an accredited tax agent on behalf of a taxpayer shall bear the following information:
  - A. For CPAs and others (individual practitioners and members of GPPs);
    - a.1 Taxpayer Identification Number (TIN); and
    - a.2 Certificate of Accreditation Number, Date of Issuance, and Date of Expiry.
  - B. For members of the Philippine Bar (individual practitioners, members of GPPs);
    - b.1 Taxpayer Identification Number (TIN); and
    - b.2 Attorney's Roll number or Accreditation Number, if any.