

DLN:Taxpayer PSOC:PSIC:Spouse PSOC:PSIC:

Republika ng Pilipinas

Kagawaran ng Pananalapi

Kawanihan ng Rentas Internas

For Self-Employed, Estates, and Trusts

(Including those w/ both Business & Compensation Income)

Annual Income

Tax Return

BIR Form No.

1701

July, 1999 ( ENCS )

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

1 For the Year (YYYY)

2 Amended Return?

3 No. of sheets attached

Part I

Background Information

Taxpayer/Spouse

4 TIN

5 RDO Code

6 TIN

7 RDO Code

8 Taxpayer's Name (For Individuals)(Last Name, First Name, Middle Name) (Estates)

9 Spouse's Name (Last Name, First Name, Middle Name) (if applicable)

10 Registered Address

11 Registered Address

12 Date of Birth (MM/DD/YYYY)

13 Zip Code

14 Telephone Number

15 Date of Birth (MM/DD/YYYY)

16 Zip Code

17 Telephone Number

18 Line of Business/Occupation

19 ATC

20 Line of Business/Occupation

21 ATC

22 Method of Deduction

23 Method of Deduction

24 Exemption Status

24A Number of Qualified Dependent Children

24B Is the wife claiming the additional exemption for qualified dependent children?

25 Are you availing of tax relief under Special Law/International Tax Treaty?

Part II

Computation of Tax

Taxpayer/Spouse

26 Gross Taxable Compensation Income (Schedule 1)

27 Less: Deductions

28 Taxable Compensation Income/(excess of Deductions over Taxat Compensation Income) (26A less 27E/26B less 27F)

29 Sales/Receipt/Revenues/Fees (Schedule 2)

30 Less: Cost of Sales/Services (Schedule 3/4)

31 Gross Taxable Business/Profession Income (29A less 30A/29B less 30A)

32 Add: Other Taxable Income (Schedule 5)

33 Total (Sum of 31A & 32A/31B & 32B)

34 Less: Allowable Deductions

35 Net Income (33A less 34A/33B less 34B)

36 Less: Excess of Deductions over Taxable Compensation Income (from Item 28A/28B) or the total deductions under line 27E/27F, if there is no compensation Income

37 Taxable Business Income (35A less 36A/35B less 36B)

38 Total Taxable Income(Sum of Items 28A & 37A/28B & 37B if line 28 results to taxable income, otherwise, 37A/37B)

39 Tax Due

40 Less: Tax Credit/Payments

41 Tax Payable (Overpayment) (Item 39A less 40O/39B less 40P)

42 Add: Penalties

43 Total Amount Payable/ (Overpayment) (Sum of Items 41A,42G/43A less 40O/39B less 40P)

26A

27A

27B

27C

27D

27E

27F

28A

28B

29A

29B

30A

30B

31A

31B

32A

32B

33A

33B

34A

34B

35A

35B

36A

36B

37A

37B

38A

38B

39A

39B

39C

40A

40B

40C

40D

40E

40F

40G

40H

40I

40J

40K

40L

40M

40N

40O

40P

41A

41B

42A

42B

42C

42D

42E

42F

42G

42H

43A

43B

43C

Part III

Details of Payment

Particulars

Drawee Bank/Agency

Number

Date

Amount

44 Cash/Bank Debit Memo

45 Check

46 Tax Debit Memo

47 Others

Stamp of Receiving Office and Date of Receipt

Machine Validation/Revenue Official Receipt Details (If not filed with the bank)

Section A					
Sales of Goods and Services/Receipts/Profession/Compensation Income/Other Income					
Schedule 1					
Gross Compensation Income					
Name of Employer	T I N	Tax Withheld		Compensation Income	
		Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse
48 Total					

Schedule 2					
Sales/Receipts From Business/Profession /Service(including amount received from General Professional Partnership)					
Taxpayer/Filer: Business Trade Name					
Method of Accounting		<input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Others (Specify)			
Spouse: Business Trade Name					
Method of Accounting		<input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Others (Specify)			
Name of Payor	T I N	Tax Withheld		Taxable Sales/Receipts	
		Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse
49 Total					
50 Add: Gross Sales/ Receipts not subject to Withholding Tax (EWT)					
51 Total Gross Sales/Receipts/Revenues/Fees					
52 Less: Sales Returns,Allowances & Discounts					
53 Net Sales/Receipts/Revenues/Fees (To Item 29)					

Schedule 3					
Schedule of Cost of Sales (Trading/Manufacturing)					
		Taxpayer/Filer		Spouse	
54 Mdse./Finished Goods Inventory,Beginning					
55 Add: Purchases of Mdse./Cost of Goods Manufactured					
56 Total Goods Available for Sale					
57 Less: Merchandise/Finished Goods Inventory, End					
58 Cost of Sales (To Item 30)					

Schedule 4					
Schedule of Cost of Sales (Service)					
		Taxpayer/Filer		Spouse	
59 Direct Charges-Salaries,Wages and Benefits					
60 Direct Charges-Materials, Supplies and Facilities					
61 Direct Charges-Depreciation					
62 Direct Charges-Rental					
63 Direct Charges-Outside Services					
64 Direct Charges-Others					
65 Total Cost of Services (Sum of Items 59 to 64) (To Item 30)					

Schedule 5					
Schedule of Taxable Other Income					
Nature of Income	Tax Withheld		Gross Receipts/Income		
	Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse	
66 Total					

Section B					
Deductions					
Schedule 6					
Computation of Optional Standard Deduction					
		Taxpayer/Filer		Spouse	
67 Gross Taxable Business /Profession Related Income (from Item 31)					
68 Taxable Other Income (from Item 32/Schedule 5)					
69 Total					
70 10% Optional Standard Deduction (To Item 34A/34B)					

Schedule 7					
Schedule of Itemized Deductions					
Particulars		Taxpayer/Filer		Spouse	
71 Salaries and Allowances					
72 Fringe Benefit					
73 SSS, GSIS, Medicare, HDMF and Other Contributions					
74 Commission					
75 Outside Services					

Schedule of Itemized Deductions (continuation)											
Particulars				Taxpayer/ Filer			Spouse				
76	Advertising										
77	Rental										
78	Insurance										
79	Royalties										
80	Repairs and Maintenance										
81	Representation and Entertainment										
82	Transportation and Travel										
83	Fuel and Oil										
84	Communication, Light and Water										
85	Supplies										
86	Interest										
87	Taxes and Licenses										
88	Losses										
89	Bad Debts										
90	Depreciation										
91	Amortization of Intangibles										
92	Depletion										
93	Charitable Contribution										
94	Research and Development										
95	Amortization of Pension Trust Contribution										
96	Miscellaneous										
97	Total Allowable Expenses not to exceed the sum of Items 31 & 32 (To Items 34A & 34B)										
Section C Reconciliation of Net Income Per Books Against Taxable Income											
				Taxpayer/Filer			Spouse				
98	Net Income/(Loss) per Books						.				
99	Add: Other Taxable Income/Non-deductible Expenses										
							.				
							.				
							.				
							.				
100	Total (Sum of Items 98 and 99 )						.				
101	Less: Non-taxable Income and Income Subjected to Final Tax										
							.				
							.				
							.				
							.				
102	Special Deductions										
							.				
							.				
							.				
103	Total (Sum of Items 101 and 102)						.				
104	Net Income/(Loss) Before Premium on Health and Hospitalization Insurance and Exemptions (To Item 35)						.				
Section D Qualified Dependent Children											
Name				Birth Date (MM/DD/YYYY)		Name				Birth Date (MM/DD/YYYY)	
Other Dependents (to be accomplished if taxpayer is Head of the Family)											
Name				Birth Date (MM/DD/YYYY)			Relationship to Taxpayer				
I declare, under the penalties of perjury, that this 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.											
105 _____					106 _____						
Taxpayer/Authorized Agent Signature over Printed Name					Title/Position of Signatory						
Community Tax Certificate Number		Place of Issue			Date Issued			Amount			
107		108		109				110		.	

If Taxable Income is:		Tax Due is:		If Taxable Income is:		Tax Due is:	
Not over P 10,000		5 %					
Over P 10,000	but not over P 30,000	P 500	+ 10 % of the excess over P 10,000	Over P 140,000	but not over P 250,000	P 22,500	+ 25 % of the excess over P 140,000
Over P 30,000	but not over P 70,000	P 2,500	+ 15 % of the excess over P 30,000	Over P 250,000	but not over P 500,000	P 50,000	+ 30 % of the excess over P 250,000
Over P 70,000	but not over P 140,000	P 8,500	+ 20 % of the excess over P 70,000	Over P 500,000		P 125,000	+ 34 % of the excess over P 500,000
Note : Effective January 1, 1999, the maximum rate will be changed to 33% and 32% on January 1, 2000.							

BIR Form 1701 - Annual Income Tax Return  
Guidelines and Instructions

Who shall file:

This return shall be filed in triplicate 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 engaged in trade or business.

For individuals engaged in trade or business or in the exercise of their profession and receiving compensation income as well, this return shall be used in declaring their income.

An individual whose sole income has been subjected to final withholding tax pursuant to Sec. 57 (A) of the Tax Code, or who is exempt from income tax pursuant to the Tax Code and other laws, is not required to file an income tax return.

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

The income tax return shall be filed with any Authorized Agent Bank (AAB) located within the territorial jurisdiction of the Revenue District Office where the taxpayer is required to register/where the taxpayer has his legal residence or place of business in the Philippines. In places where there are no AABs, the returns shall be filed with the Revenue Collection Officer or duly Authorized City or Municipal Treasurer of the Revenue District Office where the taxpayer is required to register/where the taxpayer has his legal residence or place of business in the Philippines. 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.

This return shall be filed on or before the fifteenth (15<sup>th</sup>) day of April of each year covering income for the preceding taxable year.

(It is suggested, however, that the tax return be filed with the appropriate collection agent of the Revenue District Office where the taxpayer is required to register.)

When and Where to Pay

Upon filing this return, the total amount payable shall be paid to an Authorized Agent Bank (AAB). In places where there are no AABs, the tax shall be paid with the Revenue Collection Officer or duly Authorized City or Municipal Treasurer who will issue a Revenue Official Receipt (BIR Form 2524)). When the tax due exceeds P2,000.00, 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.

Where the return is filed with an AAB, the lower portion must be duly machine validated and stamped received to serve as receipt of payment. The machine validation shall reflect the amount paid, the date of payment and the transaction code and the stamp mark shall show the name of the AAB, branch code, teller's code and the teller's initial. The AAB shall also issue an Official Receipt as additional proof of payment.

Overwithholding of income tax on compensation due to the fault of the employee shall be forfeited in favor of the government.

Personal and additional exemption

The filer's civil status shall be indicated by marking with an "x" the appropriate box. The amount of personal exemption are as follows:

a.	For single individual,	P 20,000
	widow/widower or married individual judicially decreed as legally separated with no qualified dependents, estate and trust	
b.	For Head of the Family	P 25,000
c.	For married individual earning income	P 32,000

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 additional exemption of P8,000.00 shall be allowed for each qualified dependent child not exceeding four (4). The additional exemption for dependents shall be claimed by the husband, who is deemed the head of the family unless he explicitly waives his right in favor of his wife.

In the case of legally separated spouses, additional exemption 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.

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.

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 of individuals.

Deductions

A taxpayer engaged in business or in the practice of profession shall choose either the optional or itemized (described below) deduction. 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 – A maximum of 10% of their gross income 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. A taxpayer who opts to avail of this deduction need not submit the Account Information Return (AIF)/Financial Statements.

Itemized Deduction - 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 deduction includes 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.

Premium payment on health and/or hospitalization insurance of an individual taxpayer, including his family, in the amount of P 2,400 per year, per family, may be deducted from his gross income: Provided, that said taxpayer, including his family, has a yearly gross income of not more than P 250,000. In case of married taxpayers, only the spouse claiming the additional exemption for dependents shall be entitled to this deduction.

Definition of Terms

"Head of the Family" means an unmarried or legally separated man or woman with one or both parents, or with one or more brothers, sisters, or with one or more legitimate, recognized natural or legally adopted children living with and dependent upon him for their chief support, where such brothers or sisters or children are not more than twenty one (21) years of age, unmarried and not gainfully employed, or where such children, brothers or sisters, regardless of age are incapable of self-support because of mental or physical defect. The term also includes a benefactor of a senior citizen under Republic Act 7432.

"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.

Penalties

- There shall be imposed and collected as part of the tax:
- A surcharge of twenty five percent (25%) for each of the following violations:
    - Failure to file any return and pay the amount of tax or installment due on or before the due dates;
    - Filing a return with a person or office other than those with whom it is required to be filed;
    - 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;
    - Failure to pay the deficiency tax within the time prescribed for its payment in the notice of Assessment (Delinquency Surcharge).
  - A surcharge of fifty percent (50%) of the tax or of the deficiency tax, in case any payment has been made on the basis of such return before the discovery of the falsity or fraud, for each of the following violations:
    - Willful neglect to file the return within the period prescribed by the Code or by rules and regulations; or
    - In case a false or fraudulent return is willfully made.
  - 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.
  - Compromise penalty.

Attachments Required

- Account Information Form and the Certificate of the independent CPA 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);
- Certificate of Income Tax Withheld on Compensation (BIR Form 2316);
- Certificate of Income Payments Not Subjected to Withholding Tax (BIR Form 2304);
- Certificate of Creditable Tax Withheld at Source (BIR Form 2307);
- Duly Approved Tax Debit Memo, if applicable;
- Waiver of husband's right to claim additional exemption, if applicable;
- Proof of prior years' excess credits, if applicable;
- Proof of Foreign Tax Credits, if applicable; and
- For amended return, proof of tax payment and the return previously filed.

Note: All background information must be properly filled up.

- Box No. 1 refers to transaction period and not the date of filing this return.
- The last 3 digits of the 12-digit TIN refers to the branch code.
- TIN = Taxpayer Identification Number.