



Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Annual Income Tax Return

BIR Form No.
1701
July, 2008 (ENCS)

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

1 For the Year (YYYY) <input type="text"/>	2 Amended Return? <input type="checkbox"/> Yes <input type="checkbox"/> No	3 No. of Sheet/s Attached <input type="text"/>
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Part I Background Information

Taxpayer/Filer				Spouse			
4 TIN <input type="text"/>	5 RDO Code <input type="text"/>	6 TIN <input type="text"/>	7 RDO Code <input type="text"/>				
8 Taxpayer's Name (For Individuals)(Last Name, First Name, Middle Name) (Estates & Trusts) <input type="text"/>				9 Spouse's Name (Last Name, First Name, Middle Name) (If applicable) <input type="text"/>			
10 Registered Address <input type="text"/>				11 Registered Address <input type="text"/>			
12 Date of Birth (MM/DD/YYYY) <input type="text"/>	13 Zip Code <input type="text"/>	14 Telephone Number <input type="text"/>	15 Date of Birth (MM/DD/YYYY) <input type="text"/>	16 Zip Code <input type="text"/>	17 Telephone Number <input type="text"/>		
18 Line of Business/Occupation <input type="text"/>	19 ATC <input type="checkbox"/> 11 0 1 1 Compensation <input type="checkbox"/> <input type="checkbox"/> 11 0 1 2 Business <input type="checkbox"/> <input type="checkbox"/> 11 0 1 3 Mixed Income <input type="checkbox"/>	20 Line of Business/Occupation <input type="text"/>		21 ATC <input type="checkbox"/> 11 0 1 1 Compensation <input type="checkbox"/> <input type="checkbox"/> 11 0 1 3 Business <input type="checkbox"/> <input type="checkbox"/> 11 0 1 2 Mixed Income <input type="checkbox"/>			
22 Method of Deduction <input type="checkbox"/> Itemized Deduction <input type="checkbox"/> 40% Optional Standard Deduction				23 Method of Deduction <input type="checkbox"/> Itemized Deduction <input type="checkbox"/> 40% Optional Standard Deduction			
24 Exemption Status <input type="checkbox"/> Single <input type="checkbox"/> Married		24A Number of Qualified Dependent Children <input type="text"/>		24B Is the wife claiming the additional exemption for qualified dependent children? <input type="checkbox"/> Yes <input type="checkbox"/> No			
25 Are you availing of tax relief under Special Law/International Tax Treaty? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, specify <input type="text"/>							

Part II Computation of Tax

	Taxpayer/Filer	Spouse
26 Gross Taxable Compensation Income (Schedule 1)	26A	26B
27 Less: Deductions		
Premium Paid on Health and/or Hospitalization Insurance not to exceed P2,400 per year.	27A	27B
Personal and Additional Exemptions	27C	27D
Total Deductions (Sum of 27A & 27C/27B & 27D)	27E	27F
28 Taxable Compensation Income/(excess of Deductions over Taxable Compensation Income) (26A less 27E/26B less 27F)	28A	28B
29 Sales/Receipts/Revenues/Fees (Schedule 2)	29A	29B
30 Less: Cost of Sales/Services (Schedule 3/4) (For Taxpayer Availing of Itemized Deduction)	30A	30B
31 Gross Taxable Business/Profession Income (29A less 30A /29B less 30B)	31A	31B
32 Add: Other Taxable Income (Schedule 5)	32A	32B
33 Total (Sum of 31A & 32A/31B & 32B)	33A	33B
34 Less: Allowable Deductions		
Optional Standard Deduction (Sch. 6) <u>or</u> Itemized Deductions (Sch. 7)	34A	34B
35 Net Income (33A less 34A/33B less 34B)	35A	35B
36 Less: Excess of Deduction over Taxable Compensation Income (from Item 28A/28B) or the total deductions under line 27E/27F, if there is no compensation Income	36A	36B
37 Taxable Business Income (35A less 36A/35B less 36B)	37A	37B
38 Total Taxable Income(Sum of Items 28A & 37A/28B & 37B if line 28 results to taxable income, otherwise, 37A/37B)	38A	38B
39 Tax Due	39A	39B
40 Less: Tax Credits/Payments		
40A/B Prior Years' Excess Credits	40A	40B
40C/D Tax Payments for the First Three Quarters	40C	40D
40E/F Creditable Tax Withheld for the First Three Quarters	40E	40F
40G/H Creditable Tax Withheld Per BIR Form No. 2307 for the 4th Qtr.	40G	40H
40I/J Tax Withheld Per BIR Form No. 2316	40I	40J
40K/L Foreign Tax Credits	40K	40L
40M/N Tax Paid in Return Previously Filed, if this is an Amended Return	40M	40N
40O/P Other Payment/s made (pls. attach proof of payment-BIR Form No. 0605)	40O	40P
40Q/R Total Tax Credits/Payments(Sum of 40A,C,E,G,I,K,M,O/40B,D,F,H,J,L,N,P)	40Q	40R
41 Tax Payable/(Overpayment) (Item 39A less 40Q/39B less 40R)	41A	41B
42 Add: Penalties		
Surcharge	42A	42B
Interest	42C	42D
Compromise	42E	42F
Total Penalties (Sum of Items 42A,C,E/42B,D,F)	42G	42H
43 Total Amount Payable/ (Overpayment) (Sum of Items 41A,42G/41B, 42H)	43A	43B
Aggregate amount Payable/(Overpayment)(Sum of Items 43A & 43B)	43C	
If overpayment mark one box only: <input type="checkbox"/> To be refunded <input type="checkbox"/> To be Issued a Tax Credit Certificate <input type="checkbox"/> To be carried over as tax credit next year/quarter		

Part III Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date			Amount
			MM	DD	YYYY	
44 Cash/Bank Debit Memo	44A	44B	44C	44D	44E	Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)
45 Check	45A	45B	45C	45D	45E	
46 Tax Debit Memo	46A	46B	46C	46D	46E	
47 Others	47A	47B	47C	47D	47E	

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

Section A Sale 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 (To Item 26)					

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 Merchandise/Finished Goods Inventory, Beginning		
55 Add: Purchases of Merchandise/Cost of Goods Manufacture			
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 Other Taxable Income				
Nature of Income	Tax Withheld		Gross Receipts/Income	
	Taxpayer/Filer	Spouse	Taxpayer/Filer	Spouse
66 Total (To Item 32)				

Section B Deductions

Schedule 6 Computation of Optional Standard Deduction			
	Taxpayer/Filer		Spouse
	67 Gross Sales or Gross Receipts (from Item 29/Schedule 2)		
68 Add: Other Taxable Income (from Item 32/Schedule 5)			
69 Total			
70 40% 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 Contribution			
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)

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 _____
 Taxpayer/Authorized Representative/Accredited Tax Agent Title/Position of Signatory TIN of Signatory
 (Signature Over Printed Name)

_____ Date of Issuance Date of expiry
 Tax Agent Acc. No./Atty's Roll No. (if applicable)

Community Tax Certificate Number	Place of Issue	Date Issued			Amount
		MM	DD	YYYY	
106	107	108	109		

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 + 32% of the excess over P 500,000

**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 is 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 (15th) day of April of each year covering income for the preceding taxable year.

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, taxpayer must accomplish and submit BIR-prescribed deposit slip, which the bank teller shall machine validate as evidence that payment was received by the AAB. The AAB receiving the tax return shall stamp mark the word "Received" on the return and also machine validate the return as proof of filing the return and payment of the tax by the taxpayer, respectively. The machine validation shall reflect the date of payment, amount paid and the transaction code, the name of the bank, branch code, teller's code and the teller's initial. Bank debit memo number and date should be indicated in the return for taxpayers paying under the bank debit system.

Overwithholding of income tax on compensation shall be refunded by the employer, except if the overwithholding is due to the fault of the employee then it shall be forfeited in favor of the government.

For eFPS Taxpayer

The deadline for electronically filing and paying the taxes due thereon shall be in accordance with the provisions of existing applicable revenue issuances.

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.

Personal and additional exemption

For taxable year 2008, the following transitory personal and additional exemptions shall be used:

Personal Exemption	January 1 to July 5, 2008	July 6 to December 31, 2008	Total
Single	P 10,000	P 25,000	P 35,000
Head of the Family	12,500	25,000	37,500
Married	16,000	25,000	41,000

Additional Exemption – maximum of 4 children

Every Qualified Dependent Children	4,000	12,500	16,500
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For taxable year 2009 and onwards, each individual taxpayer, whether single or married, shall be allowed a basic personal exemption amounting to Fifty thousand pesos (P50,000.00).

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 P25,000.00 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 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.

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 Return (AIF)/Financial Statements.

For taxable year 2008 which is the initial year of the implementation of the 40% OSD under RA 9504 which modified the OSD for individuals from 10% of gross income to 40% of gross sales/receipts, the deduction shall cover only the period beginning the effectivity of RA 9504 which is on July 6, 2008. However to simplify and for ease of administration July 1, 2008 shall be considered as the start of the period when the 40% OSD may be allowed. Hence, the following rates and bases shall apply for the taxable year 2008:

Period Covered	Rates and Bases
January 1 to June 30, 2008	10% of Gross Income
July 1 to December 31, 2008	40% of Gross Sales/Receipts

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.

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 P250,000. In case of married taxpayers, only the spouse claiming the additional exemption for dependents shall be entitled to this deduction.

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, 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:
 - a) Willful neglect to file the return within the period prescribed by the Code or by rules and regulations; or
 - b) In case a false or fraudulent return is willfully made.
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.

Attachments Required

1. 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);
2. Certificate of Income Tax Withheld on Compensation (BIR Form 2316);
3. Certificate of Income Payments Not Subjected to Withholding Tax (BIR Form 2304);
4. Certificate of Creditable Tax Withheld at Source (BIR Form 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 return is filed by authorized representative;
11. Proof of other payment/s made, if applicable; and
12. Summary Alphabet of Withholding Agents of Income Payments Subjected to Withholding Tax at Source (SAWT), if applicable.

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 Certification 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.
- Box No. 1 refers to transaction period and not the date of filing this return.
- TIN = Taxpayer Identification Number.
- The last 4 digits of the 13-digit TIN refers to the branch code.

