



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

February 17, 2022

REVENUE MEMORANDUM CIRCULAR NO. 20-2022

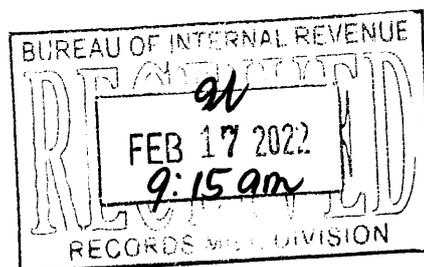
Subject: Guidance on the Filing of Requests for Confirmation, Tax Treaty Relief Applications and Tax Sparing Applications

To: All Revenue Officers, Employees and Others Concerned

I. Background

Upon the issuance of Revenue Memorandum Order (RMO) No. 14-2021 and Revenue Memorandum Circular (RMC) No. 77-2021, the withholding agents or income payors are mandated to file a consolidated request for confirmation (RFC) per nonresident-income payee if the income payment was subjected to tax in accordance with the provisions of the relevant double taxation agreement or tax treaty. Further, a nonresident-income payee whose income was subjected to the regular tax rate under the National Internal Revenue Code of 1997 (Tax Code), as amended, is required to file a tax treaty relief application (TTRA) if he/she/it intends to obtain a confirmation of entitlement to treaty benefits. A claim for refund may be filed by the nonresident independently or together with the TTRA but the processing of the former shall only ensue after confirmation of such nonresident's claim for treaty benefits.

Issuance of a Certificate of Entitlement to Treaty Benefit (COE) for approved TTRAs and RFCs, instead of a BIR Ruling, was likewise introduced in the said issuances. In practice, there are two types of COEs issued by the Bureau of Internal Revenue (BIR), through the International Tax Affairs Division (ITAD), depending on the nature of transaction. For recurring transactions, the COE issued by the BIR contains a proviso stating that the same ruling shall apply to future or subsequent income payments to the same nonresident-income payee/recipient provided that the conditions set forth therein are present. This type of COE is intended for dividends, branch profit remittances, interest, royalties, income from air and shipping transport and other income such as guarantee or substitution fees, which constitute more than 50% of the total number of TTRAs and RFCs filed with ITAD. The other type of COE limits the applicability of the ruling to a particular transaction or period of engagement and is usually issued for business profits, capital gains, income of teachers, and income from services (dependent or independent).



II. Objectives

To limit the number of RFCs and TTRAs filed with ITAD, this Circular is hereby issued to clarify that taxpayers who were already issued with COEs, the tenor thereof allows the ruling to be applied to subsequent or future income payments, shall no longer file an RFC or TTRA every time an income of similar nature is paid to the same nonresident. In applying the confirmed treaty benefit to future income payments, the income payor or withholding agent shall always be guided by the requisites mentioned in the COE. Thus, if the COE mentions tax residency as a requisite for continuous enjoyment of treaty benefit, the income payor must require the nonresident to submit first a Tax Residency Certificate (TRC) for such relevant year before making any payment.

The foregoing shall also apply to the Certificate of Entitlement to the Reduced Dividend Rate issued by the BIR for tax sparing applications.

A new RFC, TTRA or tax sparing application shall only be filed if any of the requisites mentioned in the certificate is absent.

III. Documents to be Submitted During Audit

During a tax audit, the income payor shall submit or present a copy of the duly issued COE and proof of satisfaction of the requisites cited therein.

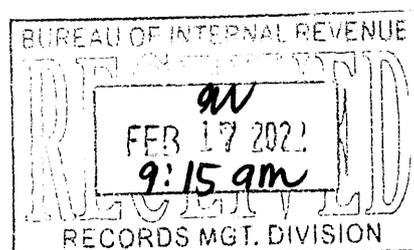
The tax auditor, on the other hand, shall ensure the authenticity of the submitted documents. In case of doubt, the tax auditor may seek the assistance of ITAD.

IV. Regular Filing of RFCs and TTRAs for Certain Types of Income

For business profits, income from services (dependent or independent), capital gains, income derived by teachers, and such other income from non-recurring transactions, the RFCs or TTRAs shall still be filed following the procedures and requirements laid down in RMO No. 14-2021, as amended by RMC No. 77-2021.

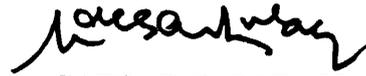
As regards the annual updating that is required for long-term contract of services, the taxpayer shall only submit the following:

1. TRC of the nonresident for the relevant year;
2. Sworn Certification stating the following:
 - i. services provided by the foreign enterprise
 - ii. place of performance of such services
 - iii. individuals who rendered the services on behalf of the foreign enterprise, their positions/designations and professional background



- iv. duration of stay in the Philippines of said individuals (Annex "A");
3. certified true copy of their passports or a Certification duly issued by the Bureau of Immigration stating their dates of arrival in, and departure from, the Philippines;
4. Certificate of Completion of the project duly signed by the income recipient and duly accepted by the domestic income payor, if applicable;
5. Invoice(s) duly issued by the income recipient in accordance with the invoicing requirements of the country of residence, if applicable; and
6. Bank documents/certificate of deposit/telegraphic transfer/telex/money transfer evidencing the payment/remittance of income, if applicable.

All internal revenue officers, employees and others concerned are enjoined to give this Circular the widest dissemination and publicity possible.



CAESAR R. DULAY
Commissioner of Internal Revenue

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