

**DEPARTMENT OF FINANCE
DEPARTMENT OF BUDGET AND MANAGEMENT
COMMISSION ON AUDIT**

**JOINT CIRCULAR NO. 1-2000
January 3, 2000**

TO : All Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government; Heads of Accounting Units; and All Others Concerned

SUBJECT : Guidelines in the Remittance of All Taxes Withheld by National Government Agencies (NGAs) to the Bureau of Internal Revenue (BIR)

1.0 PURPOSES

- 1.1 To authorize the use of the Tax Remittance Advice (TRA) as a mode of remittance to the BIR for all current and prior year's taxes withheld by the NGAs in lieu of the Modified Disbursement System (MDS) Checks and Authority to Debit the Account of the Agency (ADA);
- 1.2 To authorize the NGAs, BIR and Bureau of Treasury (BTr) to recognize remittance of all taxes withheld, collection and deposit, respectively, based on the TRAs issued by the Department of Budget and Management (DBM);
- 1.3 To provide the guidelines in the request, issuance and recording of the TRA;
- 1.4 To prescribe special journals in the recording of tax remittance TRAs and non-TRA payments by the BIR and BTR; and
- 1.5 To prescribe the format for the TRA and the Summary of Taxes Withheld (STW).

2.0 DEFINITION OF TERMS

For the purpose of this Circular; the following terms shall be construed to mean:

- 2.1 Taxes Withheld - refer to all taxes deducted by the NGAs from the payments due to payees (employee, suppliers and contractors) as required by law and regulations.
- 2.2 Summary of Taxes Withheld - refers to the document which summarizes the type and amount of taxes withheld based on the withholding tax returns. The STW prescribed in Annex "A" shall be certified by the Chief Accountant and approved by the Head of the NGA or his duly authorized representative.
- 2.3 TRA - refers to the accountable document to be issued by the concerned DBM Office, which shall be the basis for the NGAs to record the remittance of all taxes withheld to the BIR. The same document shall be the basis for the BIR and the BTr to record the tax collection and deposit in their respective books of account. The prescribed form is shown in Annex "B".

3.0 GUIDELINES

- 3.1 The use of the MDS check and ADA by the NGAs in the remittance of all taxes withheld to the BIR shall be discontinued. Instead, the NGAs shall use the TRA in the remittance of all current and prior years' taxes withheld to the BIR. However, existing procedures shall still apply for those transactions of government agencies funded from Working/Imprest Fund, Revolving Fund;
- 3.2 The account to be used in the remittance of all taxes withheld through the TRA shall be Cash - Treasury/Agency Account Current - Tax Remittance Advice (8-70-710) and the existing account of Cash - Treasury/Agency Account Current Non-Cash Deposit (8-70-702) shall be used for the deposit of collections through TRA. The description and use of these accounts are discussed in Section 5.0 of this Joint Circular;
- 3.3 NGAs shall review and analyze the accounts used in recording taxes withheld and due the BIR and ensure that said amounts are recorded under accounts, Trust Liabilities-NGA, Taxes Withheld Covered by TRA (8-84-120) and Trust Liabilities-NGA, Taxes Withheld Not Covered by TRA (8-84-130). The description and use of these accounts are discussed in Section 5.0 of this Joint Circular;
- 3.4 All NGAs shall submit their letters of request duly supported by the STW on or before the 25th day of each month at the concerned DBM Office. The amount of request should be equal to the unremitted current and prior years' taxes withheld as reflected under the credit balance of account 8-84-120;
 - 3.4.1 Upon submission of its request, the NGA shall, likewise, file with the concerned Revenue District Office (RDO) a copy of the request and STW duly received by the DBM together with the required tax returns for all taxes withheld for compensation, expanded, final and government money payments (BIR Form 1601-C, 1601-E, 1601-F and 1600 respectively);
- 3.5 Submission of all the requirements as cited under 3.4 and 3.4.1 shall be construed to be sufficient compliance by the NGA in the payment and filing requirement of the BIR, pursuant to Section 81 of the National Internal Revenue Code of 1997 (NIRC), subject to BIR audit. Incomplete submission of requirements shall be subject to the usual interest and other penalties for late payment and filing if said requirements are not completed on the 25th of each month;
 - 3.5.1 The interest and other penalties resulting from non-submission or late submission to the DBM of the request duly supported by the STW shall be the personal liability of the heads of the agencies and the respective chief accountants in accordance with Section 272 of the NIRC as implemented by Revenue Regulation (RR) No. 10-97;
- 3.6 All adjustments (over or under-remittances) of taxes withheld by the NGAs shall be considered in the following month's request;
- 3.7 The concerned DBM Office shall issue the TRA within ten (10) working days upon receipt of the request duly supported by the STW from the concerned NGA, copy furnished the BIR and BTr. All requests not duly supported by the STW shall be returned within five (5) working days upon receipt thereof;
- 3.8 The concerned NGA shall record the TRAs received from the concerned DBM Office as remittances to the BIR for taxes withheld in its books of accounts;
- 3.9 The BIR Office shall record the TRAs received from the concerned DBM Office as tax collection in the Journal of Tax Remittances by Government Agencies (JTRGA) as prescribed in Annex "C-1";

- 3.10 The BTr Office shall record the amount of TRAs received from the DBM Office as deposit for the remittances of all taxes withheld by the NGAs in the Journal of Tax Deposits by Government Agencies_(JTDGA) as prescribed in Annex "C-2"; and
- 3.11 All heads of agencies and the respective chief accountants shall ensure that the taxes withheld are in accordance with the law and existing rules and regulations.

4.0 RESPONSIBILITY

4.1 The Concerned DBM Office shall:

- 4.1.1 Issue the Notice of Cash Allocation (NCA) to the NGAs net of estimated withholding taxes for their current year's operating requirements and net of actual withholding taxes for accounts payable;
- 4.1.2 Issue the TRA to the NGA concerned, copy furnished the BIR and BTR, within ten (10) working days upon receipt of its request duly supported by the STW;
- 4.1.3 Return all requests submitted by the NGAs that are not duly supported by the STW within five (5) working days upon receipt thereof; and
- 4.1.4 Provide the BIR and BTr the serial numbers of TRAs to be issued.

4.2 The NGAs shall:

- 4.2.1 Comply with the registration requirements of the BIR as a withholding agent pursuant to Sec. 236 of the NIRC;
- 4.2.2 Pay employees/supplier/contractors for services rendered/ goods delivered net of withholding taxes;
- 4.2.3 Record in the books of accounts all taxes withheld by crediting account 8-84-120 for TRAs and/or account 8-84-130 for non-TRA payments;
- 4.2.4 Analyze and review the accounts used in recording all taxes withheld and due the BIR and ensure that said amounts are recorded under account 8-84-120 and 8-84-130;
- 4.2.5 Prepare and submit to the concerned DBM Office on or before the 25th of each month, the request for the issuance of TRA supported by the STW. The STW should be numbered as follows:

- 1st three (3) digits - Revenue District Office (RDO) Code
- Next two (2) digits - Department Code
- Next five (5) digits - Agency Code
- Next four (4) digits - Year
- Last three (3) digits - Sequential number of STW prepared for the year

Example:021-49-B9789-2000-001 (1st STW prepared for the year 2000 by the Regional Office III of the Department of Public Works and Highways that falls under the jurisdiction of RDO 21, San Fernando, Pampanga)

Ensure that the amount of request should be equal to the unremitted taxes withheld as reflected under the credit balance of 8-84-120 excluding penalties (interest, surcharge and compromise);

- 4.2.6 File with the concerned BIR Office the required tax returns for all taxes withheld for compensation, expanded, final and government money

payments (BIR Form 1601-C, 1601-E, 1601-F and 1600, respectively) together with a copy of the request and STW duly received by the DBM;

- 4.2.7 Ensure that adjustments of over or under-remittance of all taxes withheld are considered in the following month's request for the issuance of TRA;
 - 4.2.8 Record the remittance of taxes withheld in its books of accounts upon receipt of the TRA from concerned DBM Office; and
 - 4.2.9 Attach the TRA for the corresponding STW.
- 4.3 The concerned BTR Office shall:
- 4.3.1 Record in the JTDGA the amount of TRAs received from the DBM as deposit for the remittance of all taxes withheld by the NGAs. Provide BIR every Monday with the list of TRAs received from the DBM during the preceding week;
 - 4.3.2 Reconcile the amount of TRAs recorded in the JTDGA with the list of TRAs provided by the BIR under 4.4.5;
 - 4.3.3 Inform the BIR-National Office (NO) of any discrepancy and immediately effect the necessary adjustments; and
 - 4.3.4 Update the BIR with the list of those NGAs newly authorized to use Working/Imprest Fund and Revolving Fund.
- 4.4 The concerned BIR Office shall:
- 4.4.1 Monitor the NGAs' compliance with the registration requirements as withholding agents pursuant to Sec. 236 of the NIRC;
 - 4.4.2 Inform the NGAs of the specific RDO where they shall file the requirements as enumerated in 4.2.5. Likewise, inform them of their assigned RDO code;
 - 4.4.3 Monitor the NGAs' compliance with the requirements as enumerated in 4.2.6. Likewise, monitor the tax payments and remittances of NGAs which have transactions that are funded from the Working/Imprest Fund and Revolving Fund;
 - 4.4.4 Reconcile TRAs received from the DBM with the tax returns, copies of the requests and STWs filed by the NGAs;
 - 4.4.5 Record all TRAs received from the concerned DBM Office as tax collection in the JTRGA. Provide BTr every Monday with the list of TRAs received from the DBM during the preceding week;
 - 4.4.6 Reconcile the amount of the TRAs recorded in the JTRGA with the list of TRAs provided by the BTR under 4.3.1;
 - 4.4.7 Inform the BTr–Central Office of any discrepancy and immediately effect the necessary adjustments; and
 - 4.4.8 Verify the accuracy of all taxes withheld and remitted by the NGAs through the regular audit of their filed withholding tax returns.
- 4.5 The concerned COA Office shall:
- 4.5.1 Ensure that all NGAs have recorded all current and prior years' taxes withheld and due the BIR under 8-84-120 and/or account 8-84-130; and taxes remitted through the TRA under account 8-70-710;
 - 4.5.2 Inform the concerned BIR Office of any NGAs under its jurisdiction which

failed to withhold taxes in accordance with COA Memorandum No. 99-049 dated August 25, 1999.

5.0 ACCOUNTS AND ILLUSTRATIVE ACCOUNTING ENTRIES

5.1 The following accounts to be used are hereby prescribed:

5.1.1 Cash - Treasury/Agency Account Current - Tax Remittance Advice (TRA) (8-70-710).

This account is used to record the remittance of taxes withheld by NGAs to the BIR based on the TRA issued by the DBM.

Books of Agency

Debit this account for:

Year-end closing to the National Clearing Account
Adjustment - reduction (in parenthesis)

Credit this account for:

Remittance of taxes withheld based on TRA
Adjustment - addition
Adjustment - reduction (in parenthesis)

Books of the BTr

Debit this account for:

Remittance of taxes withheld by NGAs based on the TRA
Adjustment - addition
Adjustment - reduction (in parenthesis)

Credit this account for:

Year-end closing to the National Clearing Account
Adjustment - reduction (in parenthesis)

5.1.2 Trust Liabilities - NGAs, Taxes Withheld Covered by TRA (8-84-120)

This account is used to record the amount of taxes withheld for the account of BIR, the remittance of which is through the TRAs.

Debit this account for:

Remittance to the BIR of Taxes withheld through the TRA.
Adjustment - reduction (in parenthesis)

Credit this account for:

Amount of taxes withheld for the account of the BIR
Adjustment - addition
Adjustment - reduction (in parenthesis)

5.1.3 Trust Liabilities - NGAs, Taxes Withheld Not Covered by TRA (8-84-130)

This account is used to record the amount of taxes withheld for the account

of the BIR, the remittance of which is not through the TRA.

Debit this account for:

Remittance to the BIR of Taxes withheld through checks.
Adjustment - reduction (in parenthesis)

Credit this account for:

Amount of taxes withheld for the BIR
Adjustment - addition
Adjustment - reduction (in parenthesis)

- 5.2 The account Cash Treasury/Agency Account Current, Non-Cash Deposit (8-70-702) is revised to include remittance of tax due the BIR thru Tax Remittance Advice. The revised definition is as follows:

This account is used to record collections of the revenue collecting agencies of the Government for payment of obligations due to government such as taxes and duties. This account shall, likewise, be used to record TRAs issued by DBM for taxes remitted by NGAs.

Books of Revenue Collecting Agencies

Debit this account for:

Deposit of BTr of taxes covered by TRA
Deposit of other non-cash collections of NGAs
Adjustment - addition
Adjustment - reduction (in parenthesis)

Credit this account for:

Year-end closing to the National Clearing Account
Adjustment - reduction (in parenthesis)

Books of the BTr

Debit this account for:

Year-end closing to the National Clearing Account
Adjustment - reduction (in parenthesis)

Credit this account for:

Deposit by BIR of tax collections covered by TRA
Deposit of non-cash collections of NGAs
Adjustment - reduction (in parenthesis)

- 5.3 The illustrative accounting entries are shown in Annex "D" hereof.

6.0 PENALTY CLAUSE

Non-compliance with the provisions of this Joint Circular by the responsible officers shall subject said officers to a fine or imprisonment or both as provided for under Sections 250, 252, and 272 of the NIRC.

7.0 REPEALING CLAUSE

All provisions of existing circulars, rules and regulations or parts thereof which are inconsistent with the provisions of this Joint Circular are hereby rescinded/repealed and or modified accordingly.

8.0 SAVING CLAUSE

Cases not covered in this Joint Circular shall be referred to the DBM and shall be jointly resolved with COA.

9.0 EFFECTIVITY

This Joint Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation.

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