**REVENUE MEMORANDUM CIRCULAR NO. 23-2022** issued on March 9, 2022 suspends the Income Tax incentives granted to all Registered Business Enterprises (RBEs) of the Information Technology-Business Process Management (IT-BPM) sector that violated the work-from-home (WFH) threshold as prescribed by the Fiscal Incentives Review Board (FIRB).

The non-compliance with all the conditions prescribed under FIRB Resolution Nos. 19-21 and 23-21 shall be meted with **suspension of the Income Tax incentive on the revenue corresponding to the months of non-compliance**. Hence, RBE shall pay the Income Tax using the regular rate of either twenty-five percent (25%) or twenty percent (20%) based on the taxable net income corresponding to the months the RBE has violation. For RBEs with no existing transactions subject to the regular Income Tax rate, BIR Form 1702-MX shall be used for the voluntary payment of the Income Tax due on the months with reported violation. However, for RBEs which have existing transactions subject to regular Income Tax rate, the voluntary payment shall be made through BIR Form 0605 and bank-validated copy of which shall be attached in the Annual Income Tax Return (AITR) to be filed. In both cases, the computation of the Income Tax due shall be:

| | |
|---|---|
| Net taxable income* for the year / 12 months …….. | ₱ xxxx.xx |
| Multiply by the applicable rate of either 25% or 20% …… | X % |
| Income Tax Due ……. | ₱ xxxx.xx |

**Computed based on existing policies which is net of allowable deduction*

In the absence of voluntary payment by RBEs or the voluntary payments made is not sufficient, the RBE shall be subjected to an audit pursuant to a Letter of Authority (LOA).

For uniform understanding of the term "total workforce", the Circular clarifies that it shall refer to the total employees that are directly or indirectly engaged in the registered project or activity of the RBE, but excludes third-party contractors, if any, such as service contractors rendering janitorial or security services and other similar services.

For this purpose, the FIRB shall endorse the monthly reports (Annex "A") submitted by Investment Promotion Agencies (IPAs) regarding violations committed by concerned RBEs to the Bureau of Internal Revenue (BIR), addressed to the Assessment Service, Attention: Audit Information, Tax Exemption and Incentives Division (AITEID) or thru email: aiteid_ies@bir.gov.ph.

The Circular shall take effect immediately until March 31, 2022 pursuant to FIRB Resolution No. 19-2021.