

PENALTIES FOR VIOLATION OF WORK FROM HOME CONDITIONS

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**BIR REVENUE MEMORANDUM CIRCULAR
NO. 39-2022** **2**

**Manner of Payment of Penalty Relative to
Violations Incurred by Registered Business
Enterprises (RBEs) under the Information
Technology-Business Process Management
(IT-BPM) Sector on the Conditions Prescribed
Regarding Work From Home (WFH)
Arrangement**

20/F Chatham House
Valero cor. Rufino Sts.



Salcedo Village
Makati 1227



www.bdblaw.com.ph
info@bdblaw.com.ph



T: (632) 8403-2001
F: (632) 8403-2001 loc. 130



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BUREAU OF INTERNAL REVENUE
REVENUE MEMORANDUM CIRCULAR
NO. 39-2022

ADVISORY

Manner of Payment of Penalty Relative to Violations Incurred by Registered Business Enterprises (RBEs) under the Information Technology-Business Process Management (IT-BPM) Sector on the Conditions Prescribed Regarding Work From Home (WFH) Arrangement

GENERAL MANNER ON PAYMENT OF PENALTY

Penalties arising from failure to comply with the conditions for WFH Arrangements shall be paid in a uniform manner as follows:

- Payment of the penalty shall be through the use of BIR Form No. 0605
- In the said form, choose "Others" under "Voluntary Payment" as the Manner of Payment (Line 17). Indicate in the field provided the phrase "Penalty pursuant to FIRB Resolution No. 19-2021".

RBEs shall be required to complete the required information pertaining to allowable deductions when filing the following Annual Income Tax Returns (AITR):

Type of RBE	BIR FORM
For RBEs enjoying Income Tax Holiday (ITH) incentive	BIR Form No. 1702-EX
For RBEs enjoying Gross Income Tax (GIT) incentive or those with mixed transactions	BIR Form No. 1702-MX

COMPUTATION OF PENALTY

The penalty shall be computed in the following manner (under the assumption that violations were committed in the months of September, October, November, and December 2021):

	RBE enjoying ITH	RBE enjoying 5% GIT
Annual Net Taxable Income*/12	P12,000,000.00	P12,000,000.00
Average Monthly Net Taxable Income	P1,000,000	P1,000,000
Multiply by the number of months with violation	x 4	x 4
Taxable Income subject to regular IT	P4,000,000.00	P4,000,000.00
Multiply by regular income tax rate	x 25%	x 25%
Income Tax Due	P1,000,000.00	P1,000,000.00
Less: Payments made per AITR		P500,000**
Income Tax still due and payable	P1,000,000.00	P500,000.00

** Annual Taxable Income must be computed based on existing tax laws and policies (Item 39 if BIR Form 1702-EX / Item 13 column B if BIR Form 1702-MX)*

*** Assuming the Gross Income Tax payable per AITR is P1,500,000 (inclusive of Local Government Unit share), the monthly GIT paid is P125,000.00, multiplied by 4 months.*

The penalties shall be paid within thirty (30) days after the due date prescribed for the payment of income tax. Otherwise, administrative penalties shall be imposed.

*Source:
Revenue Memorandum Circular No. 39-2022*