SUBJECT: Further Amendments to Revenue Regulations Nos. 2-98 and 3-98, as last amended by Revenue Regulations Nos. 5-2008 and 5-2011, with respect to "De Minimis Benefits"

TO All Internal Revenue Officials and Others Concerned

Pursuant to Sections 4 and 244 in relation to Section 33 of the Tax Code of 1997 and the FY 2012 General Appropriations Act, these Regulations are hereby promulgated to further amend Revenue Regulations (RR) No. 2-98, as last amended by RR Nos. 5-2008 and 5-2011, with respect to "De Minimis" benefits which are exempt from income tax on compensation as well as from fringe benefit tax.

SECTION 1. Section 2.78.1 (A)(3)(e) of RR 2-98, as last amended by RR 5-2008, is hereby further amended to read as follows:

"Sec 2.78.1 Withholding Tax on Compensation Income. –
(A) . . .

xxx xxx xxx

(3) Facilities and privileges of relatively small value. –

xxx xxx xxx

(e) Uniform and Clothing allowance not exceeding P5,000 per annum;

xxx xxx xxx"

SECTION 2. Section 2.33 (C)(e) of RR 3-98, as last amended by RR 5-2008, is hereby further amended to read as follows:

"Sec 2.33. Special Treatment of Fringe Benefits. –

xxx xxx xxx

(C) Fringe Benefits Not Subject to Fringe Benefit Tax. –
(e) Uniform and Clothing allowance not exceeding P5,000 per annum;


Section 3. REPEALING CLAUSE. - All existing rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of these Regulations are hereby modified, amended or revoked accordingly.

Section 4. EFFECTIVITY. - These Regulations shall take effect starting January 1, 2012.


CESAR V. PURISIMA
Secretary of Finance

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KIM S. JACINTO-RENARES
Commissioner of Internal Revenue

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BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
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