Guidelines and Instructions BIR Form No. 1702-EX (June 2013)

For Use only by Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as amended [Sec.30 and those exempted in Sec. 27(C)] and other Special Laws, with NO Other Taxable Income

These instructions are designed to assist tax filers, or their representatives, with the preparation of the annual income tax return (ITR). If there are questions which are not adequately covered, please consult the local BIR office. If there appears to be any discrepancies between these instructions and the applicable laws and regulations, the laws and regulations shall take precedence.

What Form to Use:

<table>
<thead>
<tr>
<th>BIR Form No.</th>
<th>Description</th>
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<tbody>
<tr>
<td>1702-RT</td>
<td>Corporation, Partnership and other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate</td>
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<tr>
<td>1702-EX</td>
<td>Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as amended [Sec.30 and those exempted in Sec. 27(C)] and other Special Laws, with NO Other Taxable Income</td>
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<tr>
<td>1702-MX</td>
<td>For Corporation, Partnership and Other Non-Individual with MIXED Income Subject to Multiple Income Tax Rates or with Income Subject to SPECIAL/ PREFERENTIAL RATE</td>
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Who Shall File BIR Form No. 1702-EX

This return shall be filed by a Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as amended [Sec.30 and those exempted in Sec. 27(C)] and other Special Laws WITH NO OTHER TAXABLE INCOME such as but not limited to foundations, cooperatives, charitable institutions, non-stock and non-profit educational institutions, General Professional Partnership (GPP) etc., otherwise use BIR Form No. 1702-MX.

Every GPP shall file this return setting forth the items of gross income and of deductions and the names, TINs, addresses and share of its partners.

The return shall be filed by the president, vice-president or other principal officer, and shall be sworn to by such officer and by the treasurer or assistant treasurer.

When and Where to File and Pay

1) For Electronic Filing and Payment System (eFPS) Taxpayer: The return shall be e-filed and the tax shall be e-paid on or before the 15th day of the fourth month following the close of the taxpayer’s taxable year using the eFPS facilities thru the BIR website www.bir.gov.ph.

2) For Non-Electronic Filing and Payment System (Non-eFPS) Taxpayer: The return shall be filed and the tax shall be paid on or before the 15th day of the fourth month following the close of the taxpayer’s taxable year with any Authorized Agent Bank (AAB) located within the territorial jurisdiction of the Revenue District Office (RDO) where the taxpayer’s principal office is registered. In places where there are no AABs, the return shall be filed and the tax shall be paid with the concerned Revenue Collection Officer (RCO) under the jurisdiction of the RDO.

Non-eFPS tax filer may opt to use the electronic format under “eBIRForms” (refer to www.bir.gov.ph) for the preparation, generation and submission and/or payment of this return with greater ease and accuracy, upon availability of the same in the system.

For NO PAYMENT RETURN: The return shall be filed with the RDO where the taxpayer’s principal office is registered or with the concerned RCO under the same RDO on or before the 15th day of the fourth month following the close of the taxpayer’s taxable year.

How to Accomplish the Form

1. Enter all required information in CAPITAL LETTERS using BLACK INK. Mark applicable boxes with an “X”. Two copies MUST be filed with the BIR and one held by the taxpayer.
2. Indicate TIN and registered name on each page;
3. For all questions wherein an appropriate box is provided for a possible answer, mark the applicable box corresponding to the chosen answer with an “X”;
4. Required information wherein the space provided has a letter separator, the same must be supplied with CAPITAL LETTERS where each character (including comma or period) shall occupy one box and leave one space blank for every word. However, if the word is followed by a comma or period, there is no need to leave blank after the comma or period. Do NOT write “NONE” or make any other marks in the box/es; and
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5. Accomplish first the applicable schedules before accomplishing Parts II to V.

This return is divided into Parts I to VI with accompanying Schedules 1 to 10. Individual instructions as to the source of the information and the necessary calculations are provided on each line item.

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For Items 1 to 5

Item 1 Mark the applicable box with an “X”. This refers to the accounting period (Fiscal or Calendar year) upon the basis of which the net income is computed by the tax filer.

Item 2 Indicate the taxable year ended covered by the return being filed.

Item 3 Choose “Yes” if the tax return is one amending previous return filed, “No” if not.

Item 4 Choose “Yes” if the return is made for a fractional part of a year (e.g. commencement, retirement or change in accounting period).

Item 5 Mark the appropriate ATC as shown in the Certificate of Registration (BIR Form No. 2303).

ATC IC 011 for Exempt Corporation on Exempt Activities
ATC IC 021 for General Professional Partnership

Part I (Items 6-19) Background Information

Item 6 Taxpayer Identification Number (TIN): Enter the TIN for the corporation, partnership or other non-individual taxpayer.

Item 7 RDO Code: Enter the appropriate code for the RDO per BIR Form Nos. 1903/2303.

Item 8 Date of Incorporation/Organization: Enter the date as shown in BIR Form No. 2303. It is the date when the corporation has been incorporated as per Certificate of Registration issued by the Securities and Exchange Commission (SEC)/other regulatory agencies like the Cooperative Development Authority, National Electrification Authority, etc.

Item 9 Registered Name: Enter the registered name as it was entered in BIR Form No. 2303.

Item 10 Registered Address: Enter registered address as indicated in BIR Form No. 2303. If taxpayer has moved since the previous filing and has NOT updated the registration, the taxpayer must update its registration by filing BIR Form No. 1905.

Item 11 Main Line of Business: Indicate the nature of the main line of business the company is engaged in per BIR Form No. 2303.

Item 14 PSIC Code: Philippine Standard Industrial Classification (PSIC) Code: Refer to www.bir.gov.ph for the applicable PSIC or visit the local BIR Office.

Item 15 Method of Deduction: Itemized Deduction under Section 34(A-J), NIRC, as amended.

Item 16 Legal Basis of Tax Relief/Exemption: Indicate the specific special law, international agreement or treaty which is the legal basis for the grant of the tax exemption/incentive/preferential tax rate. For example, RA 9520 – Cooperative Law, etc.

Item 17 Investment Promotion Agency (IPA)/Government Agency: Indicate the IPA that granted exemption/incentive/preferential tax rate. For example, Cooperative Development Authority (CDA), National Electrification Administration (NEA), etc.

Item 18 Registered Activity/Program/Registration Number: Indicate the registered activity/program Registration Number as shown in the registration certificate issued by the concerned IPA.

Item 19 Effectivity Date of Tax Relief/Exemption: Indicate the effectivity date of the relief/exemption from start date to end date of tax exemption/incentive/preferential tax rate as shown in the certificate of registration issued by the concerned IPA by writing the month, day and year.
Part II (Items 20-22) Total Tax Payable

Total Income Tax Due amounts to Zero (O). Only the compromise penalty, if any, shall be paid for violations under the NIRC, as amended, and other issuances. Part IV – Computation of Tax on page 2 and other schedules must also be accomplished.

Signatory Lines: When all pages of the return are complete, sign the return in the place indicated, enter the number of pages filed. In Items 23-26, provide the required information and its details.

Part III (Items 27-30) Details of Payment

Enter the information required and then file the original ITR plus two (2) copies to any AAB within the RDO where registered. Refer to [www.bir.gov.ph](http://www.bir.gov.ph) for the applicable AAB or visit the local BIR Office. For no payment returns, proceed with filing the ITR with the RDO where the tax filer is registered or the concerned RCO under the same RDO.

Part IV (Items 31-35) Computation of Tax

Enter taxpayer’s TIN and Registered Name at the top of this page and in all succeeding pages. The requirement for entering centavos on the ITR has been eliminated. If the amount of centavos is 49 or less, drop down the centavos (e.g., P 100.49 = P 100.00). If the amount is 50 centavos or more, round up to the next peso (e.g., P 100.50 = P 101.00).

Accomplish first Schedules 1 to 5 before transferring these items to the applicable information required in Part IV- Computation of Tax.

Items 36-38 Deductions Allowed under Existing Law:

Only Itemized Deduction is allowed under Sec. 34(A-J), of the Tax Code, as amended, consistently applied throughout the year for taxpayers under Sec.30 and those exempted in Sec. 27(C) of the same Code, as amended, and other Special Laws with NO Other Taxable Income.

Item 40: The Income Tax Rate is 0% of net taxable income.

Part V (Items 42-44) Tax Relief Availment

Taxpayer availing of any tax relief under the Tax Code must completely fill-up Items 42-44.

Part VI (Items 45-51) Information – External Auditor/Accredited Tax Agent

All returns filed by an accredited tax agent on behalf of a taxpayer shall bear the following information:

A. For CPAs and others (individual practitioners and members of GPPs);
   - Items 45 & 46: Name and Taxpayer Identification Number (TIN);
   - Items 49-51: BIR Accreditation Number, Date of Issuance, and Expiry Date.

B. For members of the Philippine Bar (i.e. individual practitioners, members of GPPs);
   - Items 45 & 46: Name and Taxpayer Identification Number (TIN);
   - Items 49-51: Attorney’s Roll Number or Accreditation Number, Date of Issuance, and Expiry Date.

SCHEDULES:

Schedules 1 - 3: List down the amounts sales/revenues/receipts/fees, cost of sales/revenue and other taxable income not subjected to Final Tax (e.g. Interest Income from affiliates, sale of scraps, etc.).

Schedule 4 Ordinary Allowable Itemized Deductions:

There shall be allowed as deduction from gross income all the ordinary and necessary trade and business expenses paid or incurred during the taxable year in carrying on or which are directly attributable to the development, management, operation and/or conduct of the trade and business. Itemized deduction includes also interest, taxes, losses, bad debts, depreciation, depletion, charitable and other contributions, research and development and pension trust.

Schedule 5 Special Allowable Itemized Deductions:

These refer to special allowable deductions from gross income in computing taxable income, in addition to the regular allowable itemized deduction, as provided under the existing regular and special laws, rules and issuances such as, but not limited to: Rooming-in and Breast-feeding Practices under R.A. 7600, Adopt-A-School Program under R.A. 8525, Free Legal Assistance under R.A. 9999, etc.

Schedule 6 Reconciliation of Net Income per Books Against Taxable Income: Indicate all the reconciling items to be added or subtracted from the net income reported in the financial statements to arrive at the taxable income reported in the income tax return. Fill up the non-deductible expenses such as: allowance for bad debts not actually written off, amortization and others which are not deductible for taxation purposes. Also, add other taxable income.
such as: recovery of bad debts previously written off, adjustment to retained earnings, and other adjustments that are considered as income for tax purposes. (Provide additional sheet/s, if necessary.)

Schedule 7 Balance Sheet: Indicate the amounts as shown in the Audited Financial Statements.

Schedule 8 Stockholders/Partners/Members Information: Indicate only the Top 20 stockholders, partners or members showing the Registered Name, TIN, amount of capital contribution and the percentage to the total ownership/equity.

Schedule 9 Supplemenal Information: Indicate gross income subject to final tax; sale/exchange of real property; sale/exchange of shares of stocks; other income and the corresponding final withholding tax, if applicable.

Schedule 10 Gross Income/Receipts Exempt from Income Tax: Indicate personal/real properties received thru gifts, bequests, and devises; and other exempt income and receipts under Sec. 32(B) of the NIRC, as amended.

REQUIRED ATTACHMENTS

1. Certificate of independent CPA duly accredited by the BIR (The CPA Certificate is required if the gross quarterly sales, earnings, receipts or output exceed P150,000).

2. Account Information Form (AIF) and/or Financial Statements (FS), including the following schedules prescribed under existing revenue issuances which must form part of the Notes to the Audited FS:
   a. Taxes and Licenses
   b. Other information prescribed to be disclosed in the notes to FS


4. Certificate of Income Payments not subjected to Withholding Tax (BIR Form No. 2304)


6. Duly approved Tax Debit Memo, if applicable.

7. Proof of prior years’ excess credits, if applicable.

8. Proof of Foreign Tax Credits, if applicable.

9. For amended return, proof of tax payment and the return previously filed.

10. Summary Alphalist of Withholding Agents of Income Payments Subjected to Withholding Tax at Source (SAWT), if applicable.

11. Proof of other tax payment/credit, if applicable.

12. Schedule of returns filed by General Professional Partnership.