REVENUE MEMORANDUM CIRCULAR NO. 9-2005 issued on March 21, 2004 clarifies the term “Financial Statement” as defined in Revenue Regulations (RR) No. 4-2005. The financial statements defined in the RR shall include “the balance sheet, statement of income, statement of changes in equity and the statement of cash flows, together with all notes to the statements” duly prepared and certified correct by an independent external auditor qualified under RR No. 15-99, as amended. The financial statements must be filed with and duly stamped received by the Large Taxpayers Service (LTS)/Large Taxpayers District Office (LTDO)/Revenue District Office (RDO) or offices of the Bureau having jurisdiction over the taxpayer.

For purposes of RR No. 4-2005, the requirement that the financial statements submitted to the LTS/LTDO/RDO concerned must be prepared by an external auditor accredited by the Securities and Exchange Commission (SEC) shall not apply to financial statements prepared for periods covering 2004 and earlier.

However, financial statements of taxpayers with total assets of more than ₱15 Million for the period covering 2005 must be prepared by external auditors who are accredited both by the SEC and the BIR.