REVENUE REGULATIONS NO. 17-2013 issued on September 27, 2013 clarifies the retention period and prescribes the guidelines on the preservation of books of accounts and other accounting records.

All taxpayers are required to preserve their books of accounts, including subsidiary books and other accounting records for a period of ten (10) years reckoned from the day following the deadline in filing a return or if filed after the deadline, from the date of filing of the return, for the taxable year when the last entry was made in the books of accounts.

If the taxpayer has any pending protest or claim for tax credit/refund of taxes, and the books and records concerned are material to the case, the taxpayer is required to preserve his/its books of accounts and other accounting records until the case is finally resolved.

Unless a longer period of retention is required under the National Internal Revenue Code (NIRC) or other relevant laws, the independent Certified Public Accountant who audited the records and certified the financial statements of the taxpayer, equally as the taxpayer, has the responsibility to maintain and preserve copies of the audited and certified financial statements for a period of 10 years from the due date of filing the annual Income Tax return or the actual date of filing thereof, whichever comes later.

All books, registers and other records, and vouchers and other supporting papers required by the BIR shall be kept at all times at the place of business of the taxpayer, subject to inspection by any internal revenue officer, and upon demand, the same must be immediately produced and submitted for inspection. They may be examined and inspected for purposes of regular audit or extraordinary audit, requests for exchange of information by a foreign tax authority under Sections 6 and 71 of the NIRC, and in the exercise of the Commissioner’s power to obtain information under Section 5 of the NIRC, among others.

Examination and inspection of books of accounts and other accounting records shall be done in the taxpayer’s office or place of business or in the office of the BIR.

Any violation of the provisions of these regulations shall be subject to penalties provided in Sections 266, 275 and, other pertinent provisions of the NIRC; and Section 6 of Republic Act No. 10021 (the “Exchange of Information on Tax Matters Act of 2009”).