REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

March 07, 2019

REVENUE MEMORANDUM CIRCULAR NO. 31-2019

Subject : Reiteration of the Tax Compliance Requirements of Candidates, Political Parties/Party List Groups and Campaign Contributors

To : All Internal Revenue Officials, Employees and Others Concerned.

This Circular is being issued to remind candidates, political parties/party list groups and campaign contributors on their registration, update and other tax compliance requirements following Revenue Memorandum Circular No. 38-2018 dated May 03, 2018.

The summary of tax compliance requirements are hereby listed:

1. BIR Registration	All candidates, political parties/party list groups and campaign contributors have the duty to **register or update** their registration with the RDO having jurisdiction over the residence address, or head/principal office of registering candidates, political parties/party list groups and campaign contributors following the guidelines and procedures enumerated in RMC No. 38-2018. *(Individual candidates shall be registered as "Professional" in order to be issued an Authority to Print Receipts/Invoices.)*
2. Annual Registration Fee and Certificate of Registration	All candidates and political parties/party list groups shall pay an Annual Registration Fee (ARF) in the amount of five hundred pesos (P500). **Certificate of Registration (COR) is no longer required to be issued for individual candidates who are not engaged in business.**
3. Registration of Books	All political parties/party list groups shall register and keep adequate books and other accounting records such as Cash Receipts Journal (basis for Statement of Contributions for submission to COMELEC), Cash Disbursements Book (basis for Statement of Expenditures for submission to COMELEC) or their equivalent. **Individual candidates may opt to use a simplified set of bookkeeping records, as long as it can provide accurate information.**
4. Invoicing Requirement	All candidates and political parties/party list groups shall also register Non-VAT Official Receipts (ORs) to be issued for every contribution received, whether in cash or in kind valued at Fair Market Value.

5.	Preservation of Accounting Records	All political parties/party list groups and candidates shall be responsible for the preservation of records of contributions and expenditures, together with all pertinent documents, for a period of three (3) years from the close of the taxable year during which the election was held.
6.	Tax Treatment of Campaign Expenditures	Income payments made by political candidates and political parties/party-list groups on their purchases of goods and services as campaign expenditures, and income payments made by individuals or juridical persons for their purchases of goods and services intended to be given as campaign contribution to political parties and candidates shall be subject to five percent (5%) creditable withholding tax. BIR Form No. 2307 (Certificate of Creditable Tax Withheld at Source) shall be issued to the payee. All political parties/party list groups and candidates shall: 1. Remit the five percent (5%) Creditable Withholding Tax (CWT) for the first two months of the quarter on or before the 10th day of the following month in which withholding was made using BIR Form No. 0619-E. 2. File and pay the quarterly withholding tax return not later than the last day of the month following the close of the quarter during which the withholding was made, using BIR Form No. 1601-EQ together with the submission of the Quarterly Alphalist of Payees (QAP) through the eSubmission facility of the BIR. 3. File the Annual Information Return of Creditable Taxes Withheld (Expanded)/Income Payments Exempt from Withholding Tax (BIR Form No. 1604-E) as well as the Statement of Contributions and Expenditures duly stamped “Received” by the COMELEC on or before March 1 following the year of election. Expenses that were not subjected to the 5% CWT are not considered utilized campaign funds, and the candidates, political parties/ party-list groups are precluded from claiming such expenditures as deductions from his/her/its campaign contributions. As such, the full amount corresponding to said expense shall be reported as unutilized campaign funds subject to income tax.
7.	Tax Treatment of Campaign Contributions	Only those donations/contributions that have been utilized/spent during the campaign period as set by the COMELEC are exempt from donor’s tax. Donations utilized before or after the campaign period are subject to donor’s tax and not deductible as political contribution on the part of the donor.
8.	Income Tax	Unutilized/excess campaign funds, net of the candidate’s or political party’s/party list’s campaign expenditures, shall be considered as subject to income tax and as such, must be included

	in their/his taxable income as stated in their/his Income Tax Return (ITR). No further deduction, either itemized or optional, shall be made against the said taxable income. Further, any candidate or political party/party list group, whether winner or loser, who fails to file with COMELEC the Statement of Contributions and Expenditures required under Omnibus Election Code shall be automatically precluded from claiming such expenditures as deductions from the campaign contributions making the entire amount directly subject to income tax.
9. Post-Election	Every candidate and Treasurer of the political parties/party list groups shall submit the Statement of Contributions and Expenditures to COMELEC and RDO where the candidates/political parties/party list groups are registered within thirty (30) days after the election.

The RDO shall maintain the list of all registered candidates and political parties/party list groups for monitoring and updating of its registration record after election.

The registration of individuals in their capacity as candidates shall automatically end ten (10) days after the deadline of filing the Quarterly Remittance Return of Creditable Income Taxes Withheld (BIR Form No. 1601EQ).

The CSS Chiefs of the concerned RDOs shall end-date the Form Type 1601EQ and Tax Type WE of individual candidates that were registered and/or updated, and cancel the Branch code of those that were registered as Branch for purposes of election. Those candidates who are not engaged in business shall be reverted to its previous taxpayer type, e.g. EO 98 or Local Employee. However, the political parties including party list groups shall subsist, unless they opt to update their registration.

All internal revenue officers and employees are hereby enjoined to give this Circular a wide publicity as possible.

(Original Signed)
CAESAR R. DULAY
Commissioner of Internal Revenue

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