

**[ BIR REVENUE REGULATIONS NO. 2-2011, March 01, 2011 ]**

**FILING OF INCOME TAX RETURN AND/OR ANNUAL INFORMATION RETURN BY INDIVIDUALS, INCLUDING ESTATES AND TRUSTS**

**SECTION 1. *Background.*** – These Regulations are issued in order to prescribe the returns to be filed by taxpayers in compliance with their duty to report income under the law.

**SECTION 2. *Scope.*** – Pursuant to Section 244 in relation to Sections 6 (H), 51 (A) (1), 51 (A) (2), 51 (A) (3) and 65 of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are hereby promulgated to prescribe the filing of Income Tax Return (ITR) and/or Annual Information Return (AIR) by certain individual citizens (including estates and trusts), resident aliens, and non-resident aliens engaged in trade or business in the Philippines.

**SECTION 3. *Filing of ITR with AIR.*** – Starting with taxable year 2010, individuals, estates and trusts required under the law and existing issuances to file an ITR should file said ITR together with the AIR (BIR Form No. 1705 – Annex "A"<sup>\*</sup>). Said individuals, estate and trusts shall include in the AIR such income subject to final withholding tax and those exclusions from gross income under Section 32 (B) of the Tax Code, as amended.

Individuals not required to file income tax returns or those qualified for substituted filing, may file an ITR for purposes of loans, foreign travel requirements, etc. However, if they file an ITR, they should likewise attach a duly accomplished AIR.

**SECTION 4. *Filing of AIR Only.*** – The following are now required to file the AIR which shall include such income subject to final withholding tax and those exclusions from gross income:

- (a) An individual with respect to pure compensation income, as defined in Section 32 (A) (1), derived from sources within the Philippines, the income tax on which has been correctly withheld under the provisions of Section 79 of the Tax Code, as amended, whose annual taxable income exceeds Five Hundred Thousand Pesos (Php500,000.00): Provided, That an individual deriving compensation concurrently from two or more employers at any time during the taxable year shall file an income tax return;
- (b) Individuals, estates and trusts whose sole income has been subjected to final withholding tax under Section 57 (A) of the Tax Code, as amended, with aggregate final tax withheld