

**[BIR REVENUE REGULATIONS NO. 10-2000,
December 10, 2000]**

**FURTHER AMENDMENTS TO REVENUE REGULATIONS NO. 2-98
AND 3-98, AS LAST AMENDED BY REVENUE REGULATIONS NO. 8-
2000**

Pursuant to Sections 244 and 4 of the Tax Code of 1997, in relation to the provisions of Executive Order No. 291, these Regulations are hereby promulgated to further amend Revenue Regulations No. 2-98 and Revenue Regulations No. 3-98, as last amended by Revenue Regulations No. 8-2000, with respect to the exemption of Monetized Leave Credits of Government Officials and Employees and the enumeration of "De Minimis" benefits which are exempt from the income tax on compensation as well as from the fringe benefits tax.

Section 1. Section 2.78.1(A)(3), (6)(b)(ii) and (7) of Revenue Regulations No. 2-98, as last amended by Revenue Regulations NO. 8-200, is hereby further amended to read as follows:

"Sec. 2.78.1. Withholding of Income Tax on Compensation Income -

"(A) xxx xxx xxx xxx

"(1) Compensation paid in kind - xxx xxx

"xxx xxx xxx xxx

"(3) Facilities and privileges of relatively small value -

xxx xxx xxx xxx

"The following shall be considered as "de minimis" benefits not subject to INCOME TAX AS WELL AS withholding tax on compensation income of both managerial and rank and file employees:

(a) Monetized unused vacation leave credits of PRIVATE employees not exceeding ten (10) days during the year AND THE MONETIZED VALUE OF LEAVE CREDITS PAID TO GOVERNMENT OFFICIALS AND EMPLOYEES;

(b) Medical cash allowance to dependents of employees not exceeding P750.00 per employee per semester or P125 per month;

(c) Rice subsidy of P1,000.00 or one (1) sack of 50-kg. Rice per month amounting to not more than P1,000.00;

(d) Uniform and clothing allowance not exceeding P3,000 per annum;

(e) Actual yearly medical benefits not exceeding P10,000 per annum;

(f) Laundry allowance not exceeding P300 per month;

(g) Employees achievement awards, e.g., for length of service or safety achievement, which must be in the form of a tangible personal property other than cash or gift certificate, with an annual monetary value not exceeding P10,000 received by the employee under an established written plan which does not incriminate in favor of highly paid employees;

(h) Gifts given during Christmas and major anniversary celebrations not exceeding P5,000 per employee per annum;

(i) Flowers, fruits, books, or similar items given to employees under special circumstances, e.g., on account of illness, marriage, birth of a baby, etc., and

(j) Daily meal allowance for overtime work not exceeding twenty five percent (25%) of the basic minimum wage."

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*"(6) Fixed or variable transportation, representation and other allowances
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"xxx xxx xxx xxx

"(b) xxx xxx xxx xxx

"(l) xxx xxx xxx xxx

"(ii) The employee is required to account/liquidate for the expenses in accordance with the specific requirements of substantiation for each category of expenses pursuant to Sec. 34 of the Code. The excess of ADVANCES MADE over ACTUAL EXPENSES shall constitute taxable income if such amount is not returned to the employer. Reasonable amount of reimbursements/advances for travelling and entertainment expenses which are pre-computed on a daily basis and are paid to an employee while he is on an assignment or duty need not be subject to the requirements of substantiation and to withholding."

"(ii)xxx xxx xxx xxx