

**[REVENUE REGULATIONS NO. 21-20 02,
SEPTEMBER 18, 2002, September 18, 2002]**

**IMPLEMENTING THE PROVISIONS OF SECTION 6(H) OF THE TAX
CODE OF 1997, AUTHORIZING THE COMMISSIONER OF
INTERNAL REVENUE TO PRESCRIBE ADDITIONAL PROCEDURAL
AND/OR DOCUMENTARY REQUIREMENTS IN CONNECTION WITH
THE PREPARATION AND SUBMISSION OF FINANCIAL
STATEMENTS ACCOMPANYING THE TAX RETURNS**

Pursuant to Section 244 of the Tax Code of 1997, in relation to Section 6(H) of the Same Code, these Regulations are hereby promulgated to prescribe the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax returns.

SECTION 1. Contents and Format of Financial Statements to be Attached to the Annual Income Tax Return or Information Return. — The Financial Statements with accompanying Auditor's Certificate attached to the Annual Income Tax Return, or Annual Information Return for the Tax exempt persons, as the case may be, to be filed with the Bureau of Internal Revenue, thru its collection agents including Accredited Agent Banks, shall present/state the accounts therein in a very descriptive fashion such that the nature of the specific transactions entered in the accounts are known to the reader. The account titles to be used must be specific and not control accounts which must completely be enumerated in the financial statements and these accounts must conform to the rules and requirements of regulatory agencies that have supervision over them such as the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP), Insurance Commission (IC), etc.

The accounts prescribed in the reports required by the SEC, BSP, IC and other regulatory bodies shall likewise be the accounts to be used by individual taxpayers who are engaged in business or in the exercise of profession, except for accounts that are peculiar to corporations and other juridical persons.

The Profit and Loss Statement/Income Statement shall show separately by segment (there should be proper labeling), with breakdown of the specific accounts, the following:

- I. Cost of Goods Sold (for seller of goods)/Cost of Services (for seller of services);
- II. Selling and Administrative Expenses;
- III. Financial Expenses, if any;