

**[ BIR REVENUE REGULATION NO. 3-92, July 09, 1992 ]**

**AMENDING PERTINENT PROVISIONS OF REVENUE REGULATIONS NO. 6-82, AS LAST AMENDED, BY REVENUE REGULATIONS NO. 1-92 ON THE APPLICABILITY/EFFECTIVITY OF THE INCREASED BASIC PERSONAL AND ADDITIONAL EXEMPTIONS, ALLOWABLE TO INDIVIDUAL TAXPAYERS FOR INCOME TAX PURPOSES UNDER SECTION 29 (1) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED BY REPUBLIC ACT NO. 7167, AND PRESCRIBING THE GUIDELINES FOR THE CREDIT/REFUND OF EXCESS WITHHOLDING TAX ON COMPENSATION INCOME FOR 1991**

*SECTION 1. Scope.* - Pursuant to Sections 245 and 72 of the National Internal Revenue Code in relation to Republic Act No. 7167, these Regulations are hereby promulgated amending the date of effectivity/applicability of the increased basic personal and additional exemptions as provided for under RA 7167, from January 1, 1992 to January 1, 1991, in accordance with the Supreme Court Decision in the consolidated cases of *Reynaldo V. Umali et. al. vs. Secretary of Finance and the Commissioner of Internal Revenue*, G.R. No. 104037 and *Rene B. Gorospe, et. al. vs. Commissioner of Internal Revenue*, G.R. No. 104069, promulgated May 29, 1992.

*SECTION 2.* Section 7 of Revenue Regulations No. 6-82, as amended by Revenue Regulations No. 1-92 is hereby further amended to read as follows:

*"SECTION 7. Requirement of Withholding*

*x x x x x x x x*

1. Withholding of Tax on Compensation paid to resident employees.

a. In general, an employer making payment of compensation shall deduct and withhold from such compensation a tax determined in accordance with the prescribed Revised Withholding Tax Tables, effective January 1, 1991 (Annex "A"\*)).

*x x x x x x x x*

*SECTION 3.* Section 8 of Revenue Regulations No. 6-82, as amended by Revenue Regulations No. 1-92, is hereby further amended to read as follows:

*"SECTION. 8. Right to claim the following exemptions."*

*"x x x."*

Each employee shall be allowed to claim the following amount of exemptions (Sec. 29 (1), NIRC as amended by R.A. 7167) with respect to compensation paid on or

after January 1, 1991:

*a. Basic personal exemption:*

For single individual or married individual judicially decreed as legally separated with no qualified dependents .....	P9,000
For head of a family	12,000
For married individual	18,000

Husband and wife electing to compute their income tax separately shall be entitled to a personal exemption of P9,000 each.

*b. Additional exemption - Taxpayers with dependents* - A married individual or a head of family shall be allowed an additional exemption of Five thousand pesos (P5,000) for each qualified dependent child, provided that the total number of dependents for which additional exemptions may be claimed shall not exceed four (4) dependents.

The additional exemption for dependents shall be claimed by only one of the spouses in the case of married individuals electing to compute their income tax liabilities separately.

A **dependent** means a legitimate, recognized natural or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect.

*c. Special Additional Personal Exemption* - If the gross compensation income of single, married or legally separated individual, or head of family does not exceed the aggregate (combined compensation income of husband and wife) amount of Twenty Thousand Pesos (P20,000), he is further entitled to a special additional as personal exemption of Four Thousand Pesos (P4,000).

*SECTION 4. Transitory Provisions*

*A. Recomputation of Tax due from employees for 1991* - The employer shall recompute the tax due from each of their respective employees based on the employee's duplicate copy of his/her income tax return duly stamped received by the Bureau of Internal Revenue, adopting the increased basic personal and additional exemptions under Section 29(1) of the NIRC, as amended by R.A. 7167.

The recomputation shall be as follows:

Gross compensation income (1991)
Less: Exemptions (use increased exemptions under RA 7167)
Taxable Income
Adjusted Tax due Less: Tax withheld (1991)