

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

November 4, 2011

REVENUE MEMORANDUM CIRCULAR NO. 53-2011

SUBJECT : Effectivity and Application of Revocation of BIR Ruling Nos. 002-99, DA-184-04, DA-569-04 and DA-087-06 Under Revenue Memorandum Circular No. 27-2011 and Amending Certain Phrases Thereof

T O : All Withholding Agents, Internal Revenue Officials, Employees and Others Concerned

This Circular is issued to set the effectivity and the application of the revocation of the above-mentioned BIR Rulings relative to the coverage of the exemption from income tax of the contributions of employees/individuals to the Social Security System (SSS), Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF), also known as Pag-ibig and Philippine Health Insurance Corporation (PHIC), also known as Philhealth, in relation to the issuance of RMC No. 27-2011, and to amend the fourth (4th) paragraph from the last paragraph of the aforesaid RMC, to read as follows:

“Therefore, contributions referred to in Section 32(B)(7)(f) of the NIRC of 1997 cover *only the mandatory/compulsory contributions* of the concerned employees to SSS, GSIS, PHIC and HDMF. Thus, this Office holds that *voluntary contributions to these institutions in excess of the amount considered compulsory* are not excludible from the gross income of the taxpayer and hence, **not** exempt from Income Tax and Withholding Tax. Consequently, the exemption from withholding tax on compensation referred to in Section 2.78.1(B)(12) of Revenue Regulations (RR) No. 2-98 shall apply only to *mandatory/compulsory* SSS, GSIS, Medicare and Pag-ibig contributions”. (emphasis supplied)

Since the memorandum circular was issued on July 2, 2011, the taxability of the voluntary contributions of employees to SSS, GSIS, PHIC and HDMF shall apply to employees’ contributions beginning July 1, 2011.

The provisions of any circular or any other issuance inconsistent herewith are hereby revoked, amended or modified accordingly.

All concerned revenue officials and employees are hereby enjoined to be guided accordingly and to give this Circular a wide publicity as possible.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue