

REVENUE REGULATIONS NO. 4-2020 issued on February 18, 2020 implements the provisions of Republic Act (RA) No. 11256 (An Act to Strengthen the Country's Gross International Reserves, Amending for the Purpose Sections 32 and 151 of the National Internal Revenue Code [NIRC], as Amended, and For Other Purposes).

The following transactions shall be exempt from taxes:

- a) Income derived from the following sale of gold are excluded in the gross income and shall be exempt from Income Tax, and consequently from Withholding Taxes:
 - i. The sale of gold to the Bangko Sentral ng Pilipinas (BSP) by registered Small-Scale Miners (SSMs) and accredited traders; and
 - ii. The sale of gold by registered SSMs to accredited traders for eventual sale to the BSP.
- b) Excise Tax shall not be levied, assessed and collected on the following:
 - i. The sale of gold to the BSP by registered SSMs and accredited traders; and
 - ii. The sale of gold by registered SSMs to accredited traders for eventual sale to the BSP.

If an Excise Tax has been otherwise paid prior to the sale of gold to the BSP, the taxpayer may file a claim for refund or credit with the Commissioner of Internal Revenue for the Excise Tax paid.

All SSMs and accredited traders are required to obtain a Tax Identification Number (TIN), which shall serve as basis for the Income and Excise Tax exemption of their sale, or eventual sale, of gold to BSP.

The BSP Certification issued to registered SSMs upon receipt of a certified copy of a valid and effective Small-Scale Mining Contract from the relevant agency, and to accredited traders upon submission of the complete accreditation requirements, shall be the basis for the tax exemptions and non-withholding/collection of taxes under RA No. 11256.

In the event that the tax exemption is found by the BIR as not applicable to a BSP transaction with a person or entity purporting to be a registered SSM and/or accredited trader, such person or entity shall be primarily and solely liable for any deficiency taxes that may be assessed by the BIR.

For purposes of validating the sale to accredited traders, SSMs shall issue Acknowledgment of Gold Delivery and Sale, stating therein their TIN, to such accredited traders. This, in turn, shall be submitted to BSP by accredited traders upon eventual sale of the gold to the BSP. In any case, all gold sold to the BSP by accredited traders shall be presumed to have been purchased by said accredited traders from SSMs.

The BSP shall report to the BIR, on a monthly basis, the details of the sales transaction from registered SSMs and accredited traders.

To avail of the tax exemption, SSMs and traders shall be given a period of one (1) year, which may be extended for a period not exceeding three (3) years, from the effectivity of the Implementing Rules and Regulations (IRR) to comply with the registration and accreditation requirements.

During this transitory period, BSP shall issue a temporary certification to SSMs and traders; in the case of SSMs, upon submission of proof of their pending application for registration with the relevant agency, and in the case of traders, upon submission of proof of their pending application for accreditation with the BSP. SSMs and traders holding such temporary certification shall enjoy the tax exemptions and non-withholding/collection of taxes, provided, that they comply with the procedure for the sale of gold to BSP under Section 10 of the IRR of RA No. 11256.

Upon the lapse of the said transitory period, all sale of gold to the BSP by non-registered SSMs and/or non-accredited traders shall be subject to the applicable taxes under the NIRC of 1997, as amended.