



Republic of the Philippines  
Supreme Court  
Office of the Court Administrator  
Manila

**OCA CIRCULAR No. 36-2003**

**To:** All Officials and Personnel of the Lower Courts (RTC, MetroTC, MTCC, MCTC, MTC, SDC and SCC, including the Office of the Jurisconsult)

**Date:** March 25, 2003

**Subject:** *“Hassle-Free” Method of filing Income Tax Return for Individuals Earning Compensation Income (BIR Form 1700)*

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The Bureau of Internal Revenue is implementing a “hassle-free” method of filing Income Tax Return. This method of filing considers the employee’s Annual Information Return (BIR Form No. 1604CF) as the substitute income tax return filed by an employee since it contains the same information as that found in the income tax return ordinarily filed.

Under “Substituted Filing”, an individual taxpayer although required under the law to file his income tax return, will no longer have to personally file his own income tax return but instead the employer’s annual information return filed will be considered as the substitute income tax return of the employee.


The following circumstances must be present in order that substituted filing may apply:

- a. The employee receives purely compensation income during the taxable year;
- b. The employee receives the income only from one employer in the Philippines during the taxable year;
- c. The amount of tax due from the employee at the end of the year equals the amount of tax withheld by the employer;
- d. The employee’s spouse also complies with all three (3) conditions stated above;
- e. The employers files the annual information return (BIR Form No. 1604-CF);
- f. The employer issues BIR Form No. 2316 (Oct. 2002 ENCS) version to each employee.

The substituted filing is made mandatory under Revenue Regulations 3-2002 for income/compensation earned starting taxable year 2002. Thus, employees who qualify for substituted filing for taxable year 2002 and beyond will no longer file BIR Form 1700 on or before every 15<sup>th</sup> of April.

For the information and guidance of all concerned officials and personnel of the Lower Courts.

March 25, 2003

  
**PRESBITERO J. VELASCO, JR.**  
Court Administrator