



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

MAY 27 2020

REVENUE REGULATIONS NO. 13-2020

**SUBJECT:** Rules and Regulations Implementing Republic Act No. 10699, entitled “An Act Expanding the Coverage of Incentives Granted to National Athletes and Coaches, Appropriating Funds Therefor, Repealing for the Purpose Republic Act No. 9064, also known as the “National Athletes, Coaches and Trainers Benefits and Incentives Act of 2001” or “Sports Benefits and Incentives Act of 2001”

**TO:** All Internal Revenue Officers and Others Concerned

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**SECTION 1. SCOPE.**

Pursuant to the provisions of Section 244 in relation to Section 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to implement the tax privileges granted to privately-owned establishments granting sales discounts and incentives to National Athletes and Coaches pursuant to the provision of Section 4 of Republic Act (R.A.) No. 10699.

**SECTION 2. DEFINITION OF TERMS.**

For purposes of these Regulations, the following terms shall be defined as follows:

- a) Act – shall refer to Republic Act (R.A.) No. 10699, otherwise known as “An Act Expanding the Coverage of Incentives Granted to National Athletes and Coaches, Appropriating Funds Therefor, Repealing for the Purpose Republic Act No. 9064, also known as the “National Athletes, Coaches and Trainer Benefits and Incentives Act of 2001” or “Sports Benefits and Incentives Act of 2001”.
- b) Athletes with disabilities - shall refer to persons with disabilities, as defined under Republic Act No. 7277, otherwise known as the “Magna Carta for Disabled Persons”, as amended, who are Filipino citizens, recognized and accredited by the Philippine Sports Commission (PSC) and the National Paralympics Committee of the Philippines (NPC PHIL), and who have represented the country in international sports competitions.
- c) International sports competitions - shall refer to international sports competitions, which do not grant money prize under the following categories:

1. Regular major competitions such as the Summer Olympic Games, Winter Olympic Games, Asian Games, Asian Winter Games, Southeast Asian (SEA) Games, Youth Olympic Games, Paralympic Games, Asian Para Games, Asian Indoor and Martial Arts Games, Asian Beach Games and Association of Southeast Asian Nations (ASEAN) Para Games;



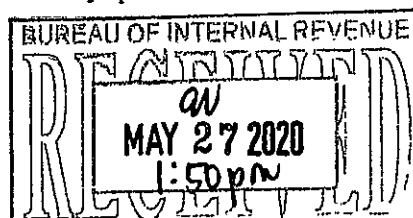
2. World-level championships held at least every two (2) years with at least forty-five (45) countries participating by sport;
  3. Asian-level competitions held at least every two (2) years with at least twenty-five (25) countries participating by sport; and
  4. Qualifying competitions for World-level games with at least ten (10) countries participating.
- d) National athletes - shall refer to athletes including persons with disabilities who are Filipino citizens, members of the national training pool, recognized and accredited by the Philippine Olympic Committee (POC) and the PSC, including athletes with disabilities (AWD) who are recognized and accredited by the NPC PHIL and the PSC and who have represented the country in international sports competitions.
  - e) National coaches - shall refer to coaches of national athletes, who are Filipino citizens, members of the national coaches training pool, recognized and accredited by the PSC and the POC, or the PSC and NPC PHIL in the case of AWD coaches who have represented the country as official coaches to national athletes in international sports competitions.
  - f) National Paralympics Committee of the Philippines or NPC PHIL is a private non-governmental organization recognized by the International Paralympics Committee as the sole representative of athletes with impairment from the Philippines. It serves as the mother organization of all the national sports associations in the Philippines for athletes with disabilities.
  - g) National Sports Association or NSA – shall refer to any association which is:
    - a. Organized for their respective sports in the Philippines who have the exclusive technical control over the promotion and development of the particular sports for which they are organized;
    - b. Affiliated with its respective international federation; and
    - c. Affiliated with the POC or the NPC PHIL as the case may be.
  - h) Philippine Olympic Committee or POC is a private non-governmental organization recognized by the International Olympic Committee (IOC) as the sole authority for representation of the Philippines in international sports competitions within the realm of the IOC. It serves as the mother organization of all the NSAs in the Philippines for athletes not falling under the NPC PHIL.

### SECTION 3. AVAILMENT BY QUALIFIED NATIONAL ATHLETES AND COACHES.

The benefits and privileges provided in these Regulations shall be granted to qualified National Athletes and Coaches for their actual and exclusive use or enjoyment.

The Chairman of the Philippine Sports Commission (PSC) shall issue a Philippine National Sports Team Identification Card and Booklet (PNSTM ID and Booklet) to the National Athletes and Coaches. Benefits and privileges may be availed of by qualified National Athletes and Coaches only

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upon presentation of a valid PNSTM ID and Booklet. Only those with valid PNSTM ID and Booklet shall be accepted and granted sales discounts and incentives by privately-owned establishments.

Privately-owned establishments granting sales discounts and incentives shall enjoy tax deductions equivalent to the discounts extended to qualified National Athletes and Coaches, pursuant to Section 6 of these Regulations.

#### **SECTION 4. GRANT OF SALES DISCOUNTS TO QUALIFIED NATIONAL ATHLETES AND COACHES.**

Qualified National Athletes and Coaches shall be entitled to twenty percent (20%) sales discount, on sales amount exclusive of VAT, on the following establishments relative to the sale of goods and services for their actual and exclusive use or enjoyment:

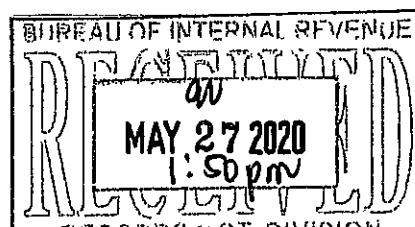
##### 4.1 Transportation services such as:

- a) Domestic air and sea transportation based on the actual fare, including baggage allowance.
- b) National land transportation privileges based on the actual fare such as, Public Utility Buses or Jeepneys (PUBs/PUJs), Taxis, Asian Utility Vehicles (AUVs), Shuttle Services, Railways Transportation such as Light Rail Transit (LRT), Metro Rail Transit (MRT), Philippine National Railways (PNR), Transport Network Vehicles Services (TNVS) and such other similar modes of transportation that may be constructed, established and operated by public or private entity.

4.2 Hotels, Resorts and other Similar Lodging Establishments – the discount shall be for room accommodations and other amenities offered by the establishment such as but not limited to hotel-based parlors and barbershops, restaurants, massage parlor, spa, sauna bath, aromatherapy rooms, workout gyms, swimming pools, jacuzzis, KTV bars, internet facilities, food, drinks and other services offered;

4.3 Restaurants – the discount shall be for the purchase of food, drinks, dessert and other consumable items served by the establishments offered for the consumption of the general public;

- a) For dine-in services, the privilege must be personally availed of by the national athlete or national coach and no proxies or authorization in favor of another person will be honored.
- b) The discount shall not be applied to “children meals” unless the national athlete falls under the establishment’s definition of “children”, and to “precontracted” party packages or bulk orders.
- c) Food, drinks and other consumable items purchased by the national athletes or national coaches shall be processed separately as an independent transaction from their non-eligible companions to ensure that it is for their actual and exclusive consumption.



- d) The discount shall apply to take-out/take-home/drive-thru orders provided that the national athlete or national coach personally orders and presents the required PNSTM ID.
- e) The discount shall apply for delivery orders by providing the PNSTM ID number upon ordering and presentation of PNSTM ID and Booklet upon delivery.
- f) For transactions in paragraphs d and e., the most expensive meal combination (MEMC) shall apply to food purchases by the national athlete or national coach.

4.4 Recreation centers – The discount shall be on fees, charges and rentals for the use of any sports facilities or equipment and other accessories and gadgets relative to the exclusive use or enjoyment of the sports and recreational services including golf cart rentals and green fees, or admission fees in ballroom dancing, yoga, badminton courts, bowling lanes, table or lawn tennis, workout gyms, martial arts and other facilities.

Stock, non-profit and exclusive sports and country clubs are not mandated to grant the discount herein provided. However, restaurants and food establishments inside the clubs, which are independent concessionaires and sell goods that are not considered consumable items under the club membership contract, shall grant the twenty percent (20%) discount to the national athlete or national coach.

4.5 Medicine and Drug Purchases - The discount shall apply to the purchase of generic or branded medicines and drugs by or for the national athlete or national coach, including purchase of vaccines, vitamins and mineral supplements as prescribed by a physician at any drug store, pharmacy and other similar establishments, including those pharmacies on hospitals and clinics.

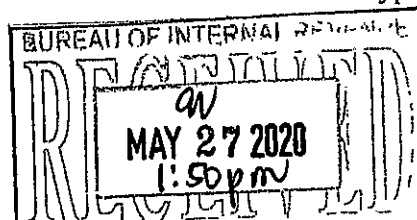
For this purpose, the term "medicines" shall refer to both prescription and nonprescription medicines, and articles approved by the BFAD-DOH, which are intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in man; but do not include food and devices or their components, parts, or accessories.

4.6 Sports Equipment Purchase – The discount shall apply to the purchase of any sports equipment for the actual and exclusive use or enjoyment of the national athlete or coach.

A sports equipment or sporting goods refers to any object used for sport or exercise which may include:

- a) Game equipment such as but not limited to balls, racquets, nets, goals and bats.
- b) Player equipment such as but not limited to footwear, protective equipment and training equipment.

To avail the discount, the appropriate National Sports Association (NSA) of the national athlete or national coach shall endorse the purchase of sports equipment or sporting goods by inscribing a notation on the Booklet of the type of sports equipment



to purchase and its corresponding quantity restriction. Such purchase shall likewise be recorded in the Booklet.

4.7 Admission Fees Privilege - A minimum of twenty percent (20%) discount shall be applied to admission fees charged by theaters, cinema houses, concert halls, circuses, carnivals and other similar places of culture, leisure and amusement including but not limited to fairs, parks, museums, exhibit halls and theme parks.

All other goods and services sold by the foregoing establishments not otherwise included in the above enumeration, as expressly provided by law, shall not be granted with a discount privilege, notwithstanding that such goods are in relation to the sale of goods and services for the actual and exclusive use or enjoyment of the qualified National Athletes and Coaches.

### SECTION 5. COMPUTATION OF THE DISCOUNT TO QUALIFIED NATIONAL ATHLETES AND COACHES.

VAT on sale of goods or services with sales discounts granted by business establishments enumerated under Section 4 hereof shall be computed in accordance with the following formula:

Computation of Discount on VAT Taxpayer:

|                                   |                       |
|-----------------------------------|-----------------------|
| Amount of sale (Inclusive of VAT) | P1,120.00             |
| <b>Less: 12% VAT</b>              | <u>120.00</u>         |
| Total Amount                      | 1,000.00              |
| <b>Less: 20% Sales Discount</b>   | <u>200.00</u>         |
| Total Amount net of Discount      | P800.00               |
| <b>Add: 12% VAT</b>               | <u>120.00</u>         |
| <b>TOTAL AMOUNT DUE</b>           | <u><b>P920.00</b></u> |

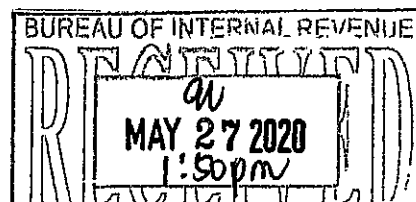
### SECTION 6. AVAILMENT BY ESTABLISHMENTS OF SALES DISCOUNTS AS DEDUCTION FROM GROSS INCOME.

Establishments granting sales discounts to National Athletes and Coaches on their sale of goods and/or services shall be entitled to deduct the said sales discount from their gross income, subject to the following conditions:

6.1 The deduction from the gross income is for the same taxable year that the discount is granted and the name of National Athletes and Coaches and the corresponding PNSTM ID Numbers are reflected in the required record of sales for National Athletes and Coaches.

As expressly provided by law, the total amount of the claimed deduction net of VAT, if applicable, shall be included in their gross sales receipt for tax purposes and shall be subject to proper documentation and to the provisions of National Internal Revenue Code (NIRC), as amended. Thus if the name of National Athletes and Coaches, and their corresponding PNSTM ID Number is not reflected in the records of sales, the sales discount claimed as deduction by business establishments shall be disallowed.

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For percentage taxpayer, the amount of sales discounts shall be included for purposes of computing the three percent (3%) percentage tax and shall be included as part of the gross sales/receipts for income tax purposes, but the sales discount granted shall be accounted as deduction from the gross income of the establishment for the same taxable year that the discount was granted.

Computation of Discount on Non-VAT Taxpayer:

|  |                         |
|--|-------------------------|
| Sales/Receipts                           | P1,120.00               |
| Less: 20% Discount (1,120@20%)           | <u>224.00</u>           |
| Total Amount Due net of Discount         | <u>896.00</u>           |
| <br><b>Percentage Tax Due (1,120@3%)</b> | <br><u><u>33.60</u></u> |

6.2 Only that portion of the gross sales exclusively used, consumed or enjoyed by the National Athletes and Coaches shall be eligible as deductible sales discount;

6.3 The amount of sales discount shall be allowed as itemized deduction from gross income for the same taxable year that the discount is granted, provided that the taxpayer is not availing of the Optional Standard Deduction (OSD).

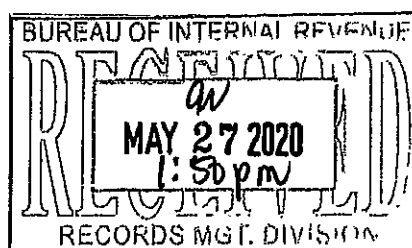
6.4 The gross selling price and the sales discount must be separately indicated in the official receipt or sales invoice issued by the establishment for the sale of goods or services to the National Athletes and Coaches;

6.5 Only the actual amount of the sales discount granted or a sales discount not exceeding 20% of the gross selling price or gross receipts can be deducted from the gross income, net of value added tax, if applicable, and shall be subject to proper documentation under pertinent provisions of the Tax Code of 1997, as amended. Provided, however that if the establishment granting the discount availed of the OSD or opted to be taxed at eight percent (8%) income tax rate, if applicable, under RA No. 10963 also known as the TRAIN Law, as implemented by RR No. 8-2018, the sales discount given cannot be claimed as allowable deduction from gross income.

6.6 The business establishment giving sales discount to qualified National Athletes and Coaches is required to keep separate and accurate records of sales, which shall include the name of the National Athletes or Coaches, PNSTM ID Number, gross sales/receipts, sales discount granted, date of transactions and invoice number for every sales transaction to National Athletes and Coaches.

6.7 The cost of discount shall be allowed as a deduction from gross income for the same taxable year that the discount is granted: Provided that the total amount of the claimed deduction net of VAT, if applicable, shall be included in their gross sales receipts for tax purposes and shall be subject to proper documentation in accordance with the provisions of the Tax Code. This means that for the establishment to be allowed to claim the discount as a deduction, the amount of sales that must be reported for income tax purposes is the VAT-exclusive selling price and not the amount of sales net of the discount.

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## SECTION 7. PROHIBITION ON AVAILMENT OF DOUBLE DISCOUNTS.

The foregoing privileges granted to National Athletes and Coaches shall not be claimed if the said National Athletes and Coaches claims a higher promotional discount as may be granted by the commercial establishment and/or under other existing laws or in combination with other discount program/s. Thus, National Athletes and Coaches who are at the same time a senior citizen or a Persons with Disability can only claim single 20% discount on a particular sale transaction.

## SECTION 8. PENALTIES.

Any violation of these Regulations shall be subject to the corresponding penalties under pertinent provisions of the Tax Code of 1997, as amended, and other applicable regulations issued by the BIR;

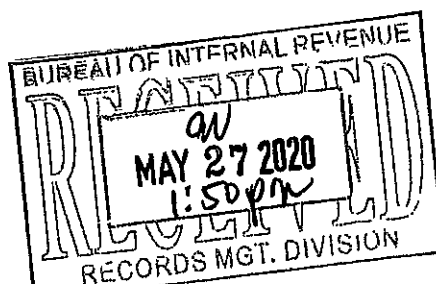
Further, any person who violates any provision of these regulations shall suffer the following penalties:

- I. For the first violation, a fine of not less than Fifty thousand pesos (P50,000) but not exceeding One hundred thousand pesos (P100,000) or imprisonment of not less than six (6) months but not more than two (2) years, or both at the discretion of the court;
- II. For any subsequent violation, a fine of not less than One hundred thousand pesos (P100,000) but not exceeding Two hundred thousand pesos (P200,000) or imprisonment of not less than two (2) years but not more than six (6) years, or both at the discretion of the court.
  - i. Any national athlete or coach who abuses the privileges granted shall be punished with imprisonment of not less than six (6) months or a fine of not less than Five (5) thousand pesos (P5,000), but not more than Fifty thousand pesos (P50,000), or both, at the discretion of the court.
  - ii. If the violator is a corporation, partnership or any juridical person, the penalty shall be imposed upon the president, owner or any responsible officer.
  - iii. If the violator is an alien or a foreigner, the person shall be deported immediately after service of sentence without further deportation proceedings.

Upon filing of an appropriate complaint, and after due notice and hearing, the proper authorities may also cause the cancellation or revocation of the business permit, permit to operate, franchise and other similar privileges granted to any business entity that fails to abide by the provisions of the law and these Regulations.

## SECTION 9. SEPARABILITY CLAUSE

If any portion or provisions of these Regulations is declared unlawful, the remainder of these Regulation or any provisions not affected thereby shall remain in force and effect.



**SECTION 10. REPEALING CLAUSE**

All revenue regulations and other revenue issuances or parts thereof inconsistent with the provisions of these Regulations are hereby repealed or modified accordingly.

**SECTION 11. EFFECTIVITY**

These Regulations shall take effect fifteen (15) days after publication in the Official Gazette or in any two newspapers of general circulation, whichever comes earlier.



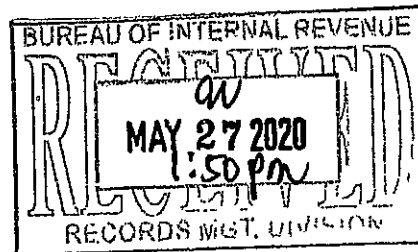
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**CARLOS G. DOMINGUEZ III**  
*Secretary of Finance*

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Recommending Approval:

*[Handwritten Signature]*  
**CAESAR R. DULAY**  
*Commissioner of Internal Revenue*

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