



FY2026 SEA TP Guide: Philippines

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Regulatory framework

Governing laws and guidelines	Revenue Regulation (RR) No. 2-2013, Revenue Audit Memorandum Order (RAMO) No. 1-2019, Revenue Memorandum Circular (RMC) No. 76-2020, and RR 19-2020, as amended by RR 34-2020 and RMC 54-2021.
OECD alignment	<p>Generally follows the Organisation for Economic Co-operation and Development (OECD) Guidelines with local adaptations (e.g., country specific benchmarking approach, expected focus in transfer pricing documentation, etc.)</p> <p>The Philippines was recently admitted into the OECD inclusive framework on Based Erosion and Profit Shifting (BEPS). It is looking to align its local rules to the OECD minimum standards (i.e. BEPS 1 and BEPS 2). Though not yet adopting the three-tiered transfer pricing documentation requirements (i.e., Masterfile, Country-by-Country Reporting, Local File), this is anticipated.</p>



Documentation requirements

Type of requirement	Annual compliance contemporaneous Transfer Pricing Documentation (Local File) aligned with local TP regulations, if thresholds are met.
Threshold	<ul style="list-style-type: none"> • Under RR 34-2020, the taxpayers required to prepare a Related Party Transactions Form (Form 1709) must also prepare a Transfer Pricing Documentation if they meets any of the following conditions: <ol style="list-style-type: none"> A. Gross sales revenue exceeds PHP 150 million and total related party transactions exceed PHP 90 million; or B. Related party transactions that meet the following thresholds per related party: <ul style="list-style-type: none"> – Sales of tangible goods exceed PHP 60 million; or – Total amount received from the supply of services, interest income, royalties, and other income from related party transactions exceeds PHP 15 million; or C. The taxpayer was required to prepare a Transfer Pricing Documentation in the immediately preceding year for exceeding the thresholds prescribed under condition (A) or (B).
Deadline	The Transfer Pricing Documentation must be contemporaneous and dated no later than the tax return filing deadline. The Transfer Pricing Documentation must be submitted within 30 days after a request from the Bureau of Internal Revenue (BIR), during the audit proceedings.


<p>Country-specific requirements</p>	<ul style="list-style-type: none"> • All Transfer Pricing Documentation must be prepared in the local currency (the Philippine peso [PHP]). • The BIR has prescriptive benchmarking requirements that need to be adhered to by taxpayers. This includes a preference for local country or at least Southeast Asia (SEA)/regional benchmarks. • Preference for benchmarks to be renewed within three-year cycles.
<p>Safe harbors</p>	<p>N/A</p>
<p>Penalties</p>	<p>Penalty on transfer pricing assessment: a 25% surcharge is imposed on the tax deficiency plus interest on the tax unpaid, as per the relevant provisions of the National Internal Revenue Code, as amended.</p>




Transfer pricing forms and reporting deadline

<p>Type of requirement</p>	<ul style="list-style-type: none"> • Annual compliance • Two types of forms: <ol style="list-style-type: none"> A. Form 1709: All related party transactions must be disclosed. The form should also include type of transactions, related party transacting entities, value of transactions, etc. B. TP Forms specified in Annexes 3 to 8 of RAMO 1-2019: Forms which summarize a taxpayer’s related-party transactions, financial statements, supply chain, functional profile, and comparability analysis. This should be provided within five days from the date of request in case of a TP audit. The TP Forms include six sections requiring data similar to a Transfer Pricing Documentation. • Taxpayers must prepare a Form 1709 if it meets any one of the following conditions: <ol style="list-style-type: none"> A. Large taxpayers; B. Taxpayers receiving incentives; C. Taxpayers incurring net operating losses in the current taxable year and the two immediately preceding consecutive taxable years; and D. Entities entering into related-party transactions with related parties categorized under (A), (B), or (C). • Failure to submit either of the forms: a penalty of PHP 1,000 to PHP 25,000. Where a taxpayer fails to obey a summons for negligence to produce the requested documents, a penalty of PHP 5,000 to PHP 10,000 may be imposed, together with a term of imprisonment of one to two years.
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<p>Deadline</p>	<ul style="list-style-type: none"> • As provided in RMC 76-2020, the Form 1709 must be filed: <ul style="list-style-type: none"> a) By manual filers who opt to submit manually and where no tax is payable, within 15 days from the later of the statutory due date of filing the annual income tax return (AITR) or the date for electronic filing of the AITR; or where tax is payable, through the authorized agent banks on or before the statutory due date of filing the AITR; b) By electronic filers who opt to submit manually, within 15 days from the later of the statutory due date of filing the AITR or the date for electronic filing of the AITR; and c) By taxpayers who opt to submit electronically through the electronic Audited Financial Statements (eAFS) System, regardless of whether they are manual or electronic filers, within 15 days from the later of the statutory due date of filing the AITR or the date for electronic filing of the AITR. • The TP Forms must be submitted within 5 days upon request by the tax administration.
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 **Alternate dispute resolution**

<p>Advance pricing arrangements (APAs)</p>	<ul style="list-style-type: none"> • APAs are permitted under RR 2-2013. Draft guidelines on APAs were released during FY2014, but final guidelines have yet to be issued. • RR 2-2013 provides for unilateral, bilateral, or multilateral APAs. • Drafts have been issued for public consultation.
<p>Mutual agreement procedure (MAP)</p>	<p>N/A</p>

 **Other local peculiarities**

<p>Tax audits</p>	<ul style="list-style-type: none"> • The BIR has Revenue District Offices (RDOs) that may perform transfer pricing audits and propose adjustments to entities covered within their area. However, entities classified under the Large Taxpayers Office (LTO) are subject to monitoring and audits by the LTO, which has jurisdiction over large corporations and taxpayers meeting specific revenue thresholds or other criteria. The LTO has specialized expertise and resources to handle complex transfer pricing issues and ensures compliance with local TP regulations and related documentation requirements. Taxpayers registered with the LTO may experience more focused scrutiny on intercompany transactions and transfer pricing compliance. • The BIR may initiate audits within the prescriptive period of three years from the filing of the AITR. For fraudulent returns or non-filing, the prescriptive period extends to 10 years from discovery of the fraud or non-filing of the return.
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Tax audits	<ul style="list-style-type: none"> • If the BIR identifies adjustments during an audit, the taxpayer typically has a prescribed period (e.g., 15 to 30 days) to respond or contest the findings, depending on the specific notice or assessment issued.
Secondary adjustments	<p>There are no specific regulations for secondary adjustments, but chapter VIII of RAMO 1-2019 recognizes that a primary adjustment made by the BIR may lead to a secondary adjustment.</p>
Judicial precedents	<ul style="list-style-type: none"> • Decisions of the Supreme Court form part of the law of the land and are binding on lower courts, tribunals, and administrative agencies, including the BIR. Supreme Court rulings are applicable to similar cases in the future, ensuring consistency in legal interpretations. • In contrast, Court of Tax Appeals (CTA) rulings are not binding beyond the specific case and the parties involved, but are persuasive and often cited in subsequent tax cases, including those related to transfer pricing. Although the BIR and other taxpayers often look to CTA rulings for guidance, these rulings do not have the same authoritative effect as Supreme Court decisions.
Developments and rising issues	<ul style="list-style-type: none"> • The BIR plans to create a specialized unit for international tax collection, TP, and Base Erosion and Profit Shifting (BEPS) compliance. To support this, it is building TP expertise through collaborations with groups like the Japan International Cooperation Agency and the Asian Development Bank. These efforts are expected to make transfer pricing audits more prevalent and aggressive. • The BIR utilizes data from sources like the Top 1,000 Corporations in the Philippines report to support audit selection and risk assessment. • The BIR is intensifying its scrutiny of service fees, royalty payments, management fees, and business restructurings that involve the transfer of functions, assets, or risks within groups. It is also closely monitoring outstanding accounts payable, accounts receivable, and non-interest-bearing loans to ensure compliance with the arm's length principle. In addition, entities reporting losses or benefiting from tax incentives are facing heightened transfer pricing audits due to potential tax risks. This increased focus extends to intra-group service transactions, particularly following the issuance of RMC No. 5-2024. • There is a push toward digitalizing Form 1709 to enhance transparency and compliance monitoring. Potential revisions to the form may include expanded disclosure requirements to align with recent transfer pricing developments.

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