



MAPFRE | INSULAR

Finance Department

Date: 27 August 2015

INTER-OFFICE MEMO No. FC2015-08002

Subject: Substantiation Requirements of Bureau of Internal Revenue

To: All concerned departments

Pursuant to **National Internal Revenue Code R.A. 8424 Section 34 (A)** re "*Substantiation Requirements*" for the expenses claimed as an Allowable Deductible Expense, supported by **REVENUE REGULATIONS NO. 18-2012 Section 3 "Policies and Guidelines for Authority to Print (ATP) and manner of printing receipts / invoices"** (please refer to the attached file) hereby states the following;

R.A. 8424 Section 34 (A) "(b) Substantiation Requirements. - No deduction from gross income shall be allowed under Subsection (A) hereof unless the taxpayer shall substantiate with sufficient evidence, such as official receipts or other adequate records: (i) the amount of the expense being deducted, and (ii) the direct connection or relation of the expense being deducted to the development, management, operation and/or conduct of the trade, business or profession of the taxpayer."

Please be reminded that all disbursement transactions entered by Mapfre Insular Insurance Corporation (MIIC) must comply with the above regulations. We will strictly implement "No Official Receipt No Payment" policy. Official receipts and other auxiliary records must be BIR-compliant.

This memorandum will support our endeavour to be in compliance with Bureau of Internal Revenue and to avoid unnecessary penalties / charges.

Mimosa Gonzales
Chief Finance Officer
Mapfre Insular Insurance Corporation