

## HSTOR TIMELINE OF EOPT







#### Signing into law

Republic Act no. 11976, otherwise known as the EASE OF PAYING TAXES (EOPT) was signed into law by President Marcos

#### **■ 22 January 2024**



#### **Effectivity**

EOPT took effect 15 days after its publication

#### 6 month period



#### Transitory period

6-month transitory period from the effectivity of the IRR to comply with amendments to TITTLE IV (VAT) and TITLE V (OPT)



The law was published in the Official Gazette



#### **Publication**

07 January 2024

SoF, after consultation with BIR and private sector, would promulgate the IRR within 90 calendar days from effectivity



#### Promulgation of IRR



# COVERAGE OF THE DISCUSSION









Classification of Taxpayers

Registration Related Rules Filing of Return and Payment of Taxes

Income Taxes /
Withholding
Taxes

Value - Added Tax Invoicing and Record Keeping

Refund of
Taxes – Excess
Input Tax

Refund of Taxes –
Erroneously or
Illegally Collected
Tax











# COVERAGE OF THE DISCUSSION

## SUMMARY REVENUE ISSUANCES



RR's (8)



**RMO's (3)** 



RMC's (16)





RR 2-2024



Publication of revenue issuances and other information materials of the BIR

RR 3-2024



VAT AND PERCENTAGE TAX

RR 4-2024



Filing of tax returns and payment of taxes and other matters affecting the declaration of taxable income

RR 5-2024



Implements Sections 76(C), 112(C), 112(D), 204(C), 229, and 269(J) of the NIRC of 1997,

On imposition of reduced interest and penalty rates for micro and small taxpayers



RR 6-2024

Registration procedures and invoicing requirements



RR 7-2024

On the classification of taxpayers



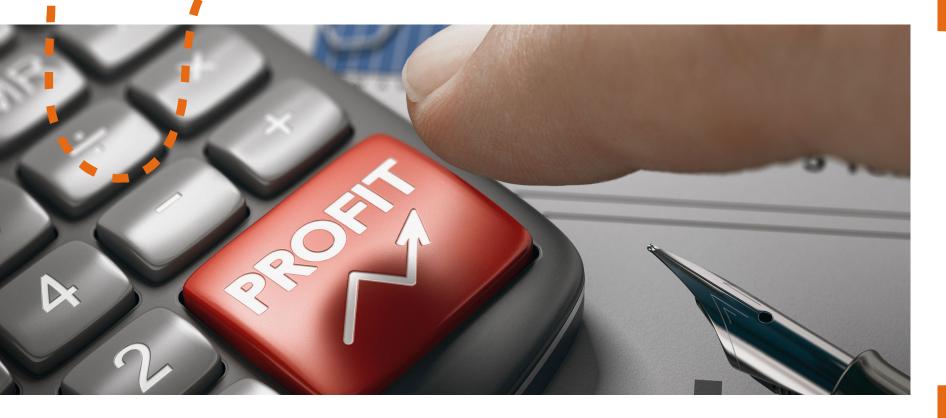
RR 8-2024

Relative to the deadlines for compliance with the invoicing requirements



RR 142024





# GROSS SAL



Gross Selling
Price

GROSS SALES



RECEIPT

Gross receipts

### Accrual basis



Sales of goods and services,



Including transactions to government or any of its political subdivisions,



Instrumentalities or agencies, and



Government -owned or controlled corporations (GOCCs)

# GROSS SAL

- Means the total amount of money or its equivalent which the purchaser pays or is obligated to pay the seller.
- It excludes amounts earmarked for payment to third party or received as reimbursement.



- For long-term contracts for one year or more, the invoice shall be issued in the month when the service was rendered.
- Sales discounts and allowances for services expressly apply to services.

The VAT (Value-Added Tax) liability on the sale or exchange of services and lease of property shall be levied, assessed and collected on gross sales. It shall no longer based on gross receipts.



Consequently, sales invoices shall be sufficient to substantiate sales of services and the corresponding input VAT arising therefrom .



VAT-registered sellers of services shall issue only one type of document – the VAT sales invoice.

Sales of services shall be subject to VAT based on gross sales, not anymor e on gross receipts [section 108]



Shift for sale of service:

Cash basis



Accrual basis

The EOPTAct mandates a single document for both sales of goods and services.

Sales/Commercial Invoices





Invoice

Unit Price \$230.00

Company Limited 123 Street Name City Name, Zip 12345 Tel. (01) 987-6543 Description

Mainboard Model A12345

Product ID 8852932010 8951932011

CPU 8.2GHZ A Ram 2 GB Sup

"Annex C.1.2"

Customer I

Invoice N

Date:

\$320.00

\$85.00

\$180.00

\$80.0

\$75.

#### **ABC CORPORATION**

76 Dilman, Quezon City VAT Reg. TIN: 144-424-024-0000

11/11/		
$\Pi N N$	<b>/</b> 0	

DATE

		<del>-</del>
Rec	eived from	with TIN
and ad	Idress at	engaged in the
busine	ss style of	the sum of
		pesos
(₽	) In partial/full payment for	

Sr. Citizen TIN

OSCA/PWD ID No. Signature

No. 1001

Cashier/ Authorized Representative

10 Bklts (3x) 1001-1500

Sample Only

Billing Invoice No.

Total Sales (VAT Indusive)

ess:SC/PWD Discount

Less: Withholding Tax

ess:VAT

TotalDue

Amount Due

VA Table Sales VAT-Exempt Sales Zero Rated Sales

**VATAmount** 

TotalSales

Form of Payment:

In settlement of the following:

BIR Authority to Print No. 3AU000805222

Date Issued 07-30-13 : Valid until 07-29-2018

**Amount** 

BERTHA PRINTING SERVICES, INC.

Check

Bgy. 789, Quezon Clty TIN: 123-456-789-0000 Printer's Accreditation No. P08051200 Date Issued 08-01-12

# Invoicing requirements [Section 113(A),(B) and (D)]



- A VAT official receipt is no longer required to be issued in the sale of services or lease of property.
- Business style' is no longer required to be indicated in the invoice.
  - If a VAT invoice lacks information required under Section 113B), here are the consequences:
  - Issuer shall be liable for non-compliance; and
  - Purchaser shall be allowed to claim the input tax if the invoice contains the sales amount, VAT amount, name and TIN of both parties, description of the goods or service, and transaction date.

# Exempt VAT transaction [Section 109(CC)]

The threshold amount of P3m in Section 109(CC) shall be adjusted to its present value using the Consumer Price Index as published by the Philippine Statistics Authority every three (3) years.



# FILING AND PAYMENTS

### Manual filing

Unavailability of the electronic platforms to any AABS AND RCOs.



### Electronically





#### Seller of goods or services

May deduct output VAT on uncollected receivables in the next quarter.

#### Deduction:

- After the lapse of agreed payment period
- VAT must be fully paid
- The VAT component of uncollected receivables must not have been claimed as a deduction under Section 34(E) of the Tax Code.

#### **Uncollected Receivable**

Refers to sales of goods and/or services on account that transpired upon the effectivity of these Regulations which remain uncollected by the buyer despite the lapse of the agreed period to pay.







# OUTPUT VAT CREDITA UNCOLLECTED RECEIVA

To be entitled to VAT credit, the following requisites must be present:

- The sale or exchange has taken place after the effectivity of these Regulations;
- The sale is on credit or on account;
- There is a written agreement on the period to pay the receivable, i.e. credit term is indicated in the invoice or any document showing the credit term;
- The VAT is separately shown on the invoice;
- The sale is specifically reported in the Summary List of Sales covering the period when the sale was made and not reported as part of "various" sales;



# OUTPUT VAT CREDIT ON UNCOLLECTED RECEIVABLE

To be entitled to VAT credit, the following requisites must be present:



The seller declared in the tax return the corresponding output VAT indicated in the invoice within the period prescribed under existing rules;



The period agreed upon, whether extended or not, has elapsed; and



The VAT component of the uncollected was not claimed as a deduction from gross income (i,e, bad debt)



Recovery of uncollected receivables

The output VAT shall be added to the output VAT of the taxpayer during the period of recovery.

These rules do not amend the conditions on the deductibility of bad debts expenses in the income tax returns as provided in RRNo.25-02.

# Cancellation OF VAT REGISTRATION



#### Due to:

Retirement from or cessation of business

Changes in status under Sec. 106(C) of the Tax Code



VAT-registered person

2 years

Apply from the date of cancellation .

Options to apply for unused input tax:

- Tax Credit Certificate
  - Can be used to pay other internal revenue taxes
- 2 Cash refund
  - If the taxpayer has no outstanding tax liabilities

## For business dissolution or cessation:

The date of cancellation refers to the issuance date of the BIR Tax Clearance.







The Commissioner must provide a written explanation stating the legal and factual basis for the denial.



From the date of submission of invoices and other documents .





Starts from the filing of the claim and ends upon the release of the refund payment.

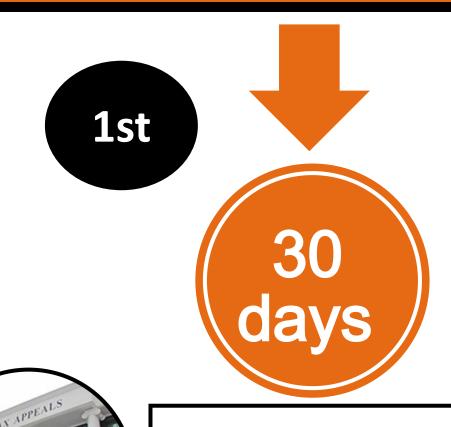


A claim is officially filed only when the taxpayer submits the invoices and supporting documents as required

# PERIOD WITH WHICH REFUND/ CREDIT OF INPUT TAXES SHALL BE MADE

# PERIOD WITHIN WHICH REFUND/ CREDIT OF INPUT TAXES SHALL BE MADE

# Denied/Not acted within 90 days:

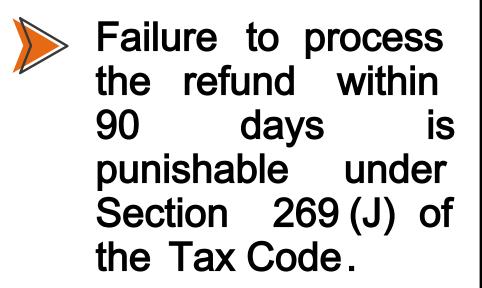


Appeal to the Court of Tax Appeal (CTA)



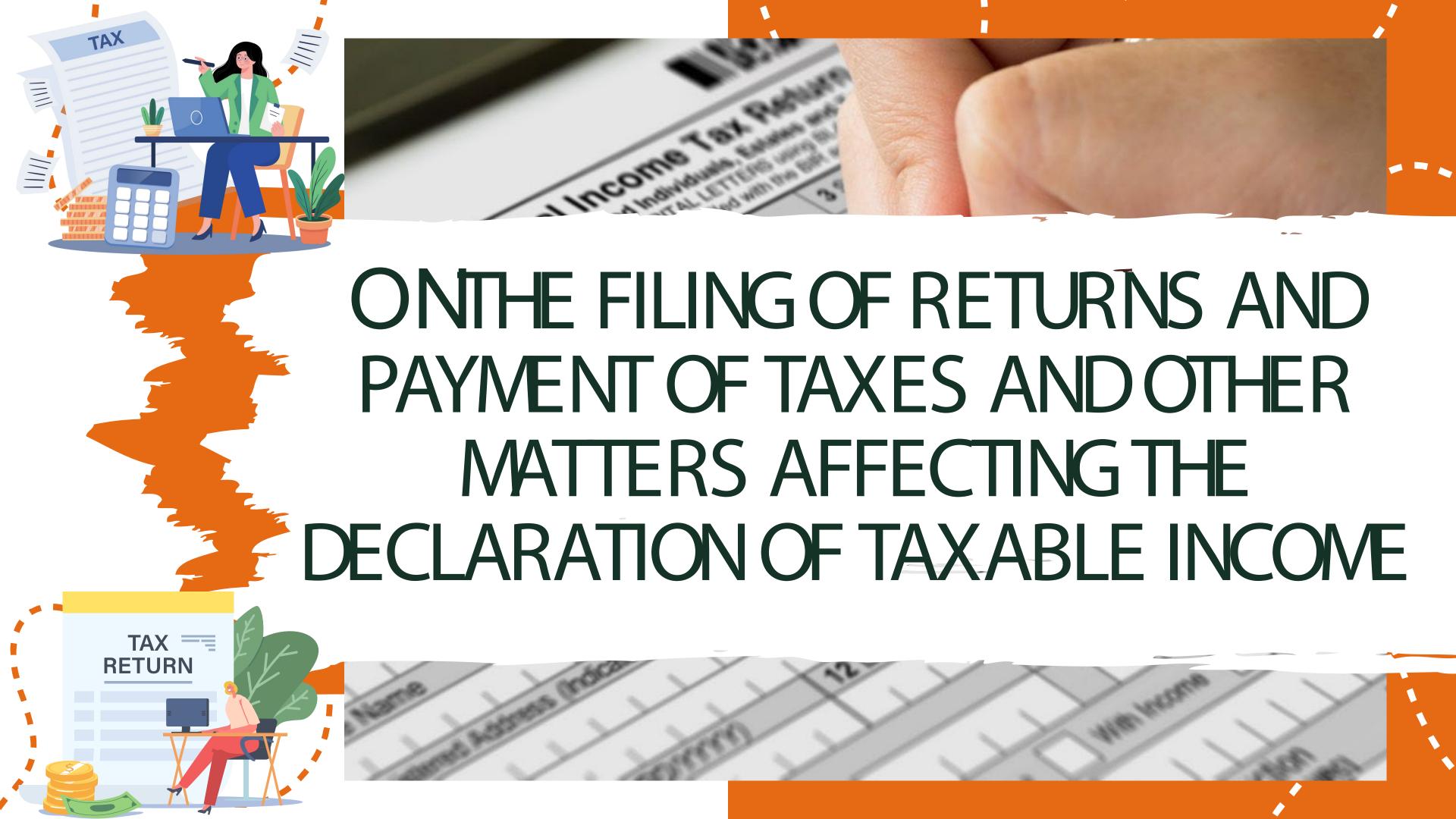
Wait for the Commissioner's final decision without judicial remedy.

### Consequences of INACTION:



Deliberate delays by BIR officials may result in penalties.

Refund processing continues administratively beyond the 90-day deadline.



- Filing of tax returns and payment of taxes to be made electronically or manually, regardless of venue or juris diction of the Revenue District Office (RDO);
- Removal of civil penalty in case of filing of return at the wrong venue;
- Non-filing of income tax return by an Overseas Contract Worker (OCW) or Overseas Filipino Worker (OFW);
- Removal of additional requirements for deductibility of certain payments; and
- Withholding of tax at source and declaration of income of recipient.



# ON THE FILING OF RETURNS AND PAYMENT OF TAXES AND OTHER MATTERS AFFECTIVE AND DECLARATION OF TAXABLE INC.





#### Joint filing of ITRs

Husband and wife, whether citizens, resident or nonresident aliens, who are both self-employed, must file their tax return jointly.

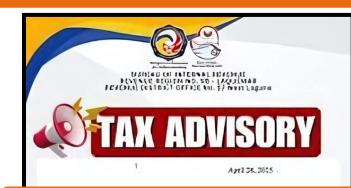
Applies to both business owners and professionals .

## Separate filing in special cases

When spouses are registered under different Revenue District Offices (RDOs), each spouse must file separately .



After electrically filing of tax returns



Exemptions may apply when an official advisory permits manual filing.

AABs and RCOs shall only accept tax payments manually after the taxpayers have already filed electronically their tax returns UNLESS an ADVISORY is issued allowing MANUAL FILING.

**BANK** 

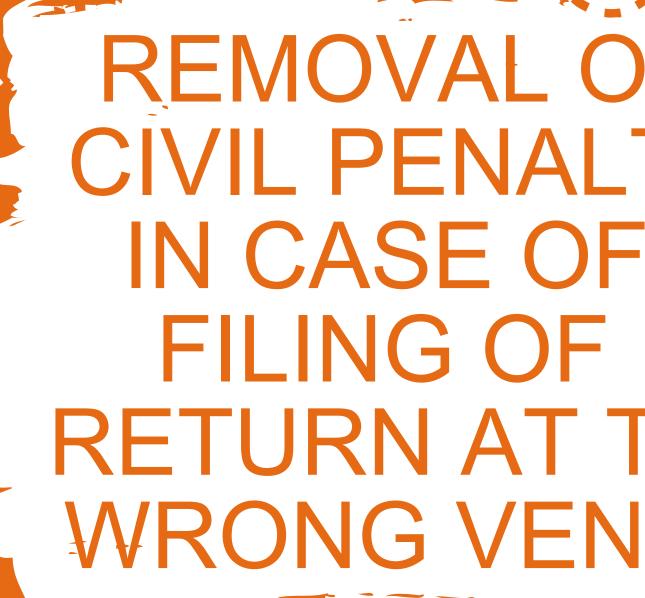
Section 248(A)(2) of Tax Code

Amended

**EOPT** 

Civil penalty

NO LONGER IMPOSED







# INDIVIDUALS NOT REQUIRED TO FILE INCOME TAX RETURN





B



An individual earning purely compensation income whose taxable income does not exceed Two Hundred Fifty Thousand pesos (P250,000.00)

An Individual whose income tax has been correctly withheld by his employer, provided that such individual has only one employer for the taxable

An individual whose sole income has been subjected to final withholding tax;

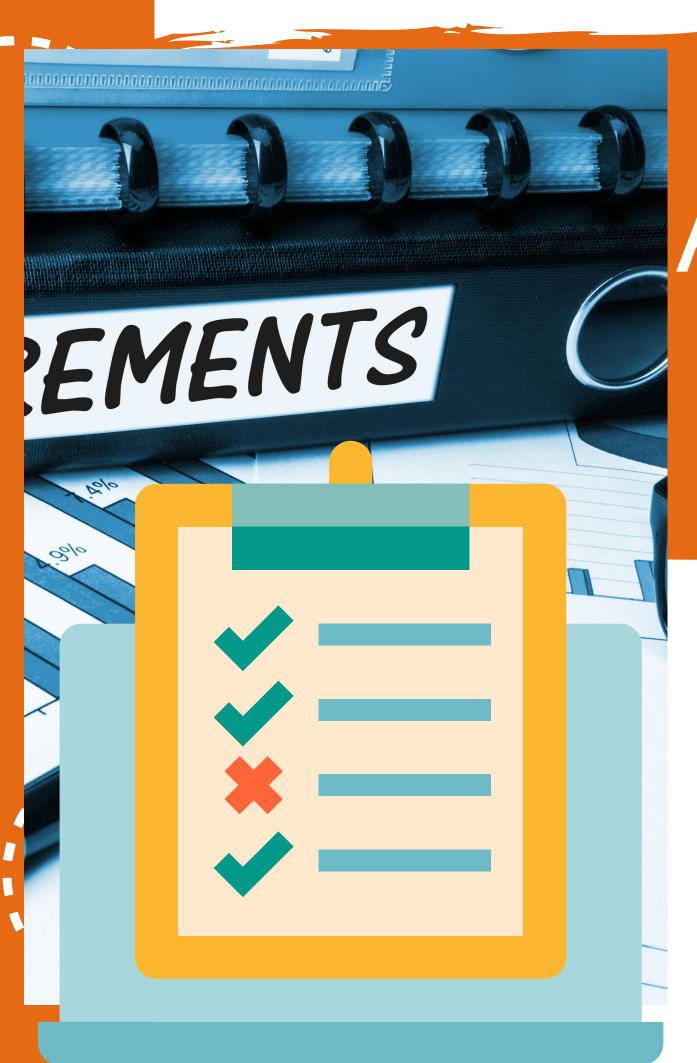
#### A minimum wage earner



Citizen of the Philippines who is working and deriving income solely from abroad as an "Overseas Contract Worker (OCW)" or "Overseas Filipino Worker" as defined in the "Department of Migrant Workers Act".

#### All individual deriving compensation income

Regardless of the amount, from two (2) or more concurrent or successive employers at any time during the taxable year, are not qualified for substituted filing. Thus, they are still required to file a return.



# REMOVAL OF THE ADDITIONAL REQUIRE FOR DEDUCTIBILITY CERTAIN PAYMENT

The obligation to withhold tax on certain income payments and remit still remains.

Time of Withholding

The obligation of the payor to deduct and withhold the tax Section 2.57 of these Regulations arises at the time an income has become payable.

"Payable"

Refers to the date the obligation becomes due, demandable or legally enforceable.

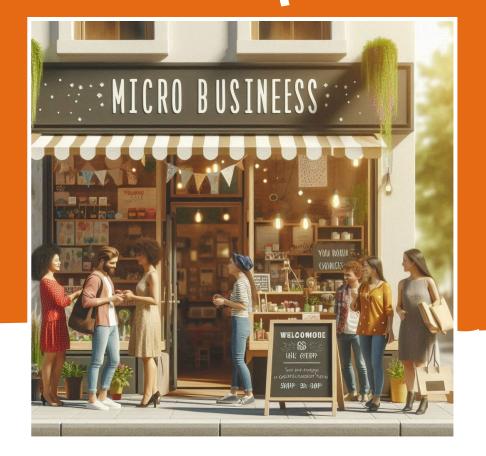




The obligation of the payor to deduct and withhold the tax arises at the time an income payment is accrued or recorded as an expenses or asset, whichever is applicable, in the payor's books, or at the issuance by the seller of the sales invoice or other adequate document to support such payable, whichever comes first.



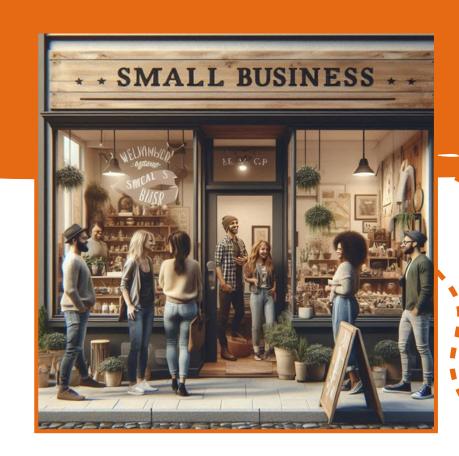




# MICRO TAXPAS SMALL TAXPA

Refers to a taxpayer whose gross sales for a taxable year is less than Three Million Pesos (P3,000,000 .00).

Refers to a taxpayer whose gross sales for a taxable year is Three Million Pesos (P3,000,000.00) to less than Twenty Million Pesos (P20,000,000.00).



## EIMPOSITION OF CIVIL PE

A penalty equivalent to ten percent (10%) of the amount due, in the following cases:



Failure to file and pay the tax due thereon as required under the provisions of the Tax Code or rules and regulation on the date prescribed.



In case of an amended tax return if the covered taxpayer filed the initial tax return and paid the tax due on or before the prescribed due date of its filing.



In case of a deficiency tax assessment as a result of a tax audit, if the particular tax return being audited was found to have been filed beyond the prescribed period or due date.

PENALTY shall be imposed



A penalty equivalent to ten percent (10%) of the amount due, in the following cases:



Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment; or



Failure to pay the full or part of the amount of tax shown on any return required to be filed under the provisions of the Tax Code or rules and regulations, or the full amount of tax due for which no return is required to be filed, on or before the date prescribed for its payment.



# IMPOSITION OF CIVIL PENE

## EIMPOSITION OF CIVIL PE

Failure to file tax return or submitting a false or fraudulent return.



If payment is made before fraud is discovered, the penalty applies to the deficiency tax instead.

## "SUBSTANTIAL UNDER-DECLARATION OF TAXABLE SALES OR INCOME"

Means failure to report sales or income in an amount exceeding thirty percent (30%) of the declared per return;

### "SUBSTANTIAL OVERSTATEMENT OF DEDUCTIONS"

Means a claim of deductions in an amount exceeding thirty percent (30%) of actual deductions.

# IMPOSITION INTEREST





Of the standard interest rate in Section 249 of the Tax Code will be charged on any unpaid taxes by covered taxpayers.



Is the legal interest rate for covered taxpayers .

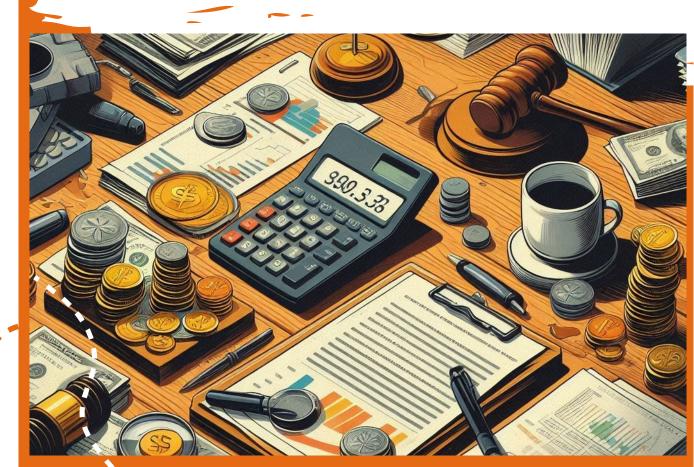
Penalty for each failure to file an information return, statement or list, or keep any record, or supply any information as may be required, on the date prescribed.





In no case shall the aggregate amount to be imposed for all such failure during a calendar year exceed Twelve Thousand Five Hundred Pesos (₱12500.00).

## IMPOSITION PENALTY FOR FAILURE TO FILE CERTAIN INFORMATION RETURNS





Is the reduced compromise penalty applied to criminal violations under Sections 113 237, and 238 of the Tax Code, if fraud is not involved. This penalty follows the applicable rate in Annex "A" of Revenue Memorandum Order No. 7-2015, including any amendments.

The compromise penalty is collected instead of criminal prosecution for tax violations, as long as a valid compromise agreement is made between the taxpayer and the Commissioner of Internal Revenue.

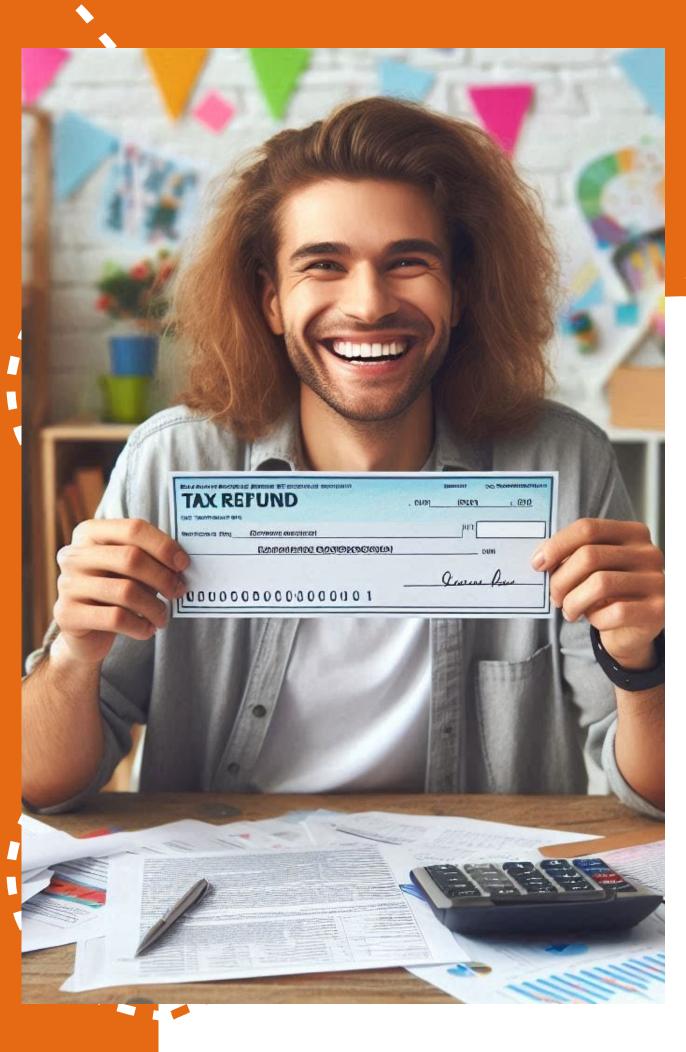
#### REVISED SCHEDULE OF COMPROMISE PENALTY

CODE	NATURE OF VIOLATION	CRIMINAL PENALTY IMPOSED	AMOUNT OF COMPROMISE			
SEC						
90/275	Failure to have the	Fine of not more than P1,000 or	If the gross estate			
,	statement of assets of the	imprisonment of not more than		But Does	Comprom	i se
	decedent and the	6 months, or both. (Sec. 275,	Excee ds	Not Exceed	is	
	deductions from gross	NIRC)	P 2,000,000	P 5,000,000	P 7,5	00
	estate certified by an		5,000,000	10,000,000	10,0	000
	independent CPA duly		10,000,000	25,000,000	20,0	000
	accredited by the BIR		25,000,000	50,000,000	25,0	000
			50,000,000	xxx	50,0	000
232/235	Failure to keep/preserve	Fine of not more than P1,000 or	If gross annual sales, earnings or receipts			
	records required by law or	imprisonment for not more than	Exceeds	But Does	Comprom	use
	regulations	(six) 6 months, or both. (Sec.		Not Exceed	is	
		275, NIRC)	P xxx	P 50,000		000
			50,000	100,000		000
			100,000	500,000		000
			500,000	5,000,000	10,0	
			5,000,000	10,000,000	15,0	
			10,000,000	20,000,000	20,0	
			20,000,000	50,000,000	30,0	
			50,000,000	XXX	50,0	000
232	Failure to have books of	Fine of not more than P1,000 or	If gross annual sales earnings or receipts			ts
	accounts audited and have	imprisonment of not more than 6	Exceeds	But Does	Comprom	iise
	the financial statements	months, or both (Sec. 275, NIRC)		Not Exceed	is	
	attached to the income tax		P 25,000 (for	P 200,000	P 3,0	000
indep	retum certified by an independent CPA duly		any Quarter);	(for the year);		
	accredited by the BIR		200,000	500,000	5.0	000
	•		500,000	5,000,000	10,0	
			5,000,000	10,000,000	15,0	
			10,000,000	25,000,000	20,0	
			25,000,000	xxx	25,0	
236/258	Failure to Register	Fine of not less than P5,000 but not more than P20,000 and	If the subject establishment is located in the following:			
		imprisonment of not less than 6	a. Cities		20,00	
		months but not more than 2	b. 1st class municipalities		10,00	
		years			5,000	
			u. ora dass m	uncipames	2,000	U.



# COMPROMISE PEN





- Section 112C) of the Tax Code that introduced the risk based approach to verification of VAT refund claims;
- Section 112(D) of the Tax Code which clarified the liability of the taxpayer -claimant and the BIR in case of disallowance by the Commission of Audit (COA);
  - Section 76(C) of the Tax Code allowing the application for refund of unutilized excess income tax credit in case of dissolution or cessation of business. For purposes of these Regulations, the entire provision of 76(C) of the Tax Code shall be covered to include policies for the processing of income tax credit/refund of taxpayers who have chosen the option to apply for tax credit or refund the excess income tax in their Annual Income Tax Returns (AITR);
- Section 204 (C) of the Tax Code that introduced the one hundred eighty (180)-day processing of claims for tax refund except for VAT Refunds under Section 112of the Tax Code; and
- Section 229 of the Tax Code that outlined the policies for judicial claims and repealed the supervening clause provision thereof.

### The scope of verification in accordance with the identified risks as follows:



Risk Level	Submission of Complete Documentary Requirements Prescribed by BIR*	Scope of Verification of Sales	Scope of Verification of Purchases	
Low	Yes	No verification	No verification	
Medium	Yes	At least 50% of the amount of sales <u>and</u> 50% of the total invoices/receipts issued including inward remittance and proof of VAT zero-rating	At least 50% of the total amount of purchases with input tax claimed <u>and</u> 50% of suppliers with priority on "Big-Ticket" Purchases	
High	Yes	100%	100%	

- Claims filed by first -time claimants shall be automatically considered as high -risk and shall remain as such for the succeeding three (3) VAT refund claims.
- In case of full denial of claim, the succeeding claim filed shall be classified as high-risk.
- For medium -risk claims, verification shall be adjusted to 100% if the assigned Revenue Officer at least 30% disallowance of the amount of VAT refund claim.
- Claims classified as low-risk for the three (3) consecutive filing of VAT refund claims shall be subject to mandatory full verification on the fourth (4<sup>th</sup>) VAT refund claim regardless of the risk classification.

- VAT credit/refund claims for any unused input tax pursuant to Section 112(B) of the Tax Code filed by a VAT-registered person whose registration has been cancelled due to retirement from or cessation of business, or due to changes in or cessation of status under Section 106(C) of the Tax Code shall be classified as high-risk and will require full verification thereof.
- For Taxpayer -claimants filing on a quarterly basis, the risk classification shall be made for every filing.



The following are the main risk factors that will be used as guide by the BIR in establishing the risk-level of each claim:





Amount of VAT refund claim;



Tax compliance history; and



Frequency of filing VAT refund claims;



Other risk factors that may be identified.



The BIR may expand the above list into sub-categories and assign weights to each category to arrive at a more comprehensive and accurate risk classification of the claim.

In order to properly implement Section 76(C) of the Tax Code, the following rules shall apply:

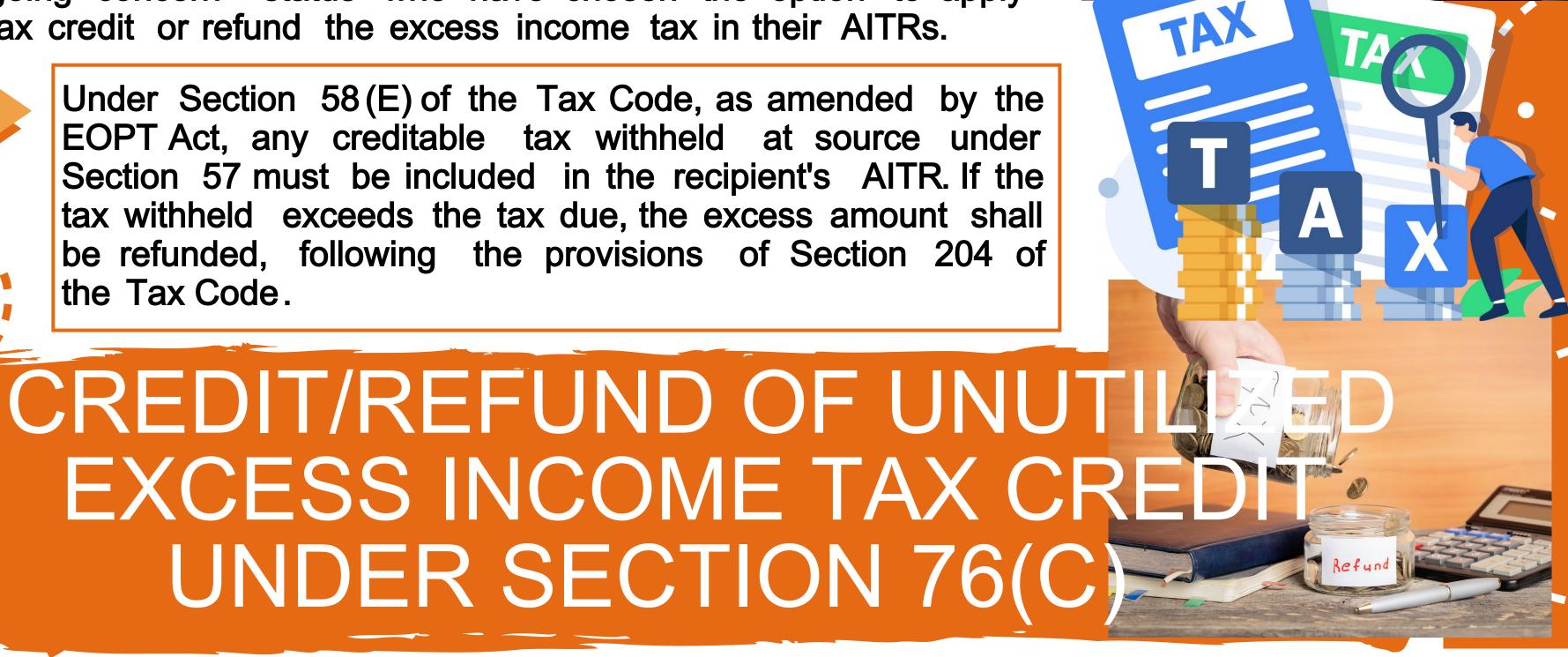


### Regular Claims

This applies to claims for income tax credit/refund of taxpayers of "going -concern" status who have chosen the option to apply for tax credit or refund the excess income tax in their AITRs.



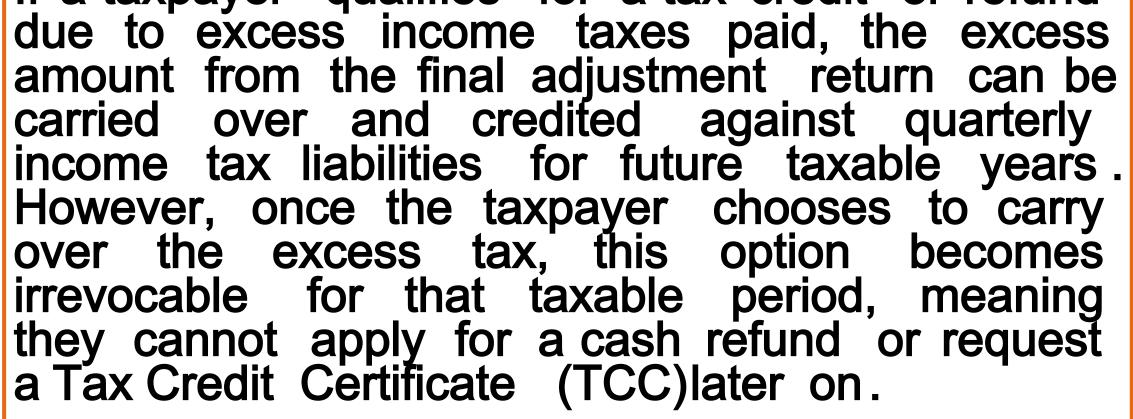
Under Section 58(E) of the Tax Code, as amended by the EOPT Act, any creditable tax withheld at source under Section 57 must be included in the recipient's AITR. If the tax withheld exceeds the tax due, the excess amount shall be refunded, following the provisions of Section 204 of the Tax Code.





### CREDIT/REFUND OF UNUT EXCESS INCOME TAX CR UNDER SECTION 76(C)

Regular Claims



If a taxpayer qualifies for a tax credit or refund

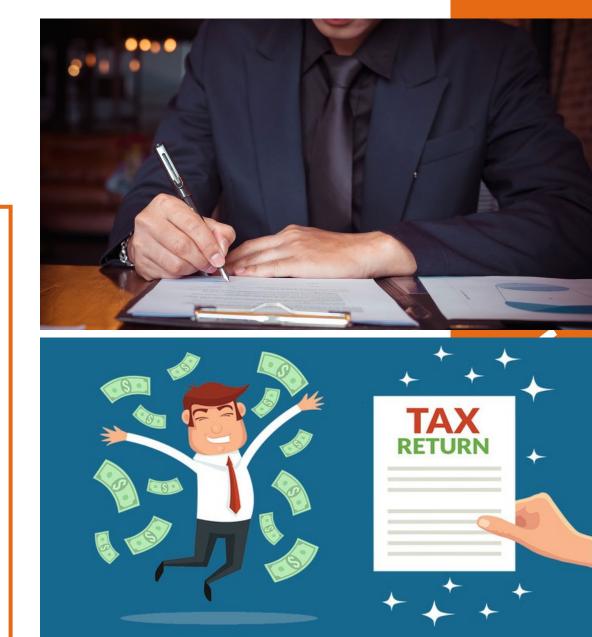






### Regular Claims

If a taxpayer opts for a Tax Credit Certificate (TCC) or refund but carries forward the amount in their Annual Income Tax Return (AITR) for the following year, their claim for a tax credit or refund may be denied. However, the carried over amount can still be used as a credit against future income tax liabilities of the taxpayer.







# CREDIT/REFUND OF UNUTION EXCESS INCOME TAX CREUNDER SECTION 76(C)



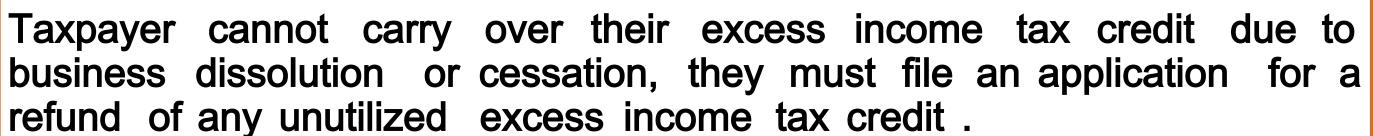
Regular Claims



- The foiling of claim for TCC/refund must be made within two (2) years from the date of filing of the AITR.
- The income upon which the taxes were withheld must be included as part of the gross income declared in the income tax return of the recipient.
- The fact of withholding is established by a copy of the withholding tax certificate duly issued by the payor (withholding agent) to the payee showing the amount of income payment and the amount of tax withheld. The taxpayer claimant must be identified as the payee in the withholding tax certificate.

### Dissolution or Cessation of Business

As an exception to the irrevocability rule, the taxpayers who chose the option to "carry -over" may claim a refund provided that they have permanently ceased operations as also contemplated under Section 76(C) of the Tax Code.





The Bureau of Internal Revenue (BIR) must process and refund excess taxes within two (2) years from the date of dissolution or cessation of business, as stated in Section 10 of the EOPTAct, amending Section 76 of the Tax Code. This rule overrides the standard 180-day processing period for Tax Credit Certificate (TCC) or refund under Section 204 (C) of the Tax Code.

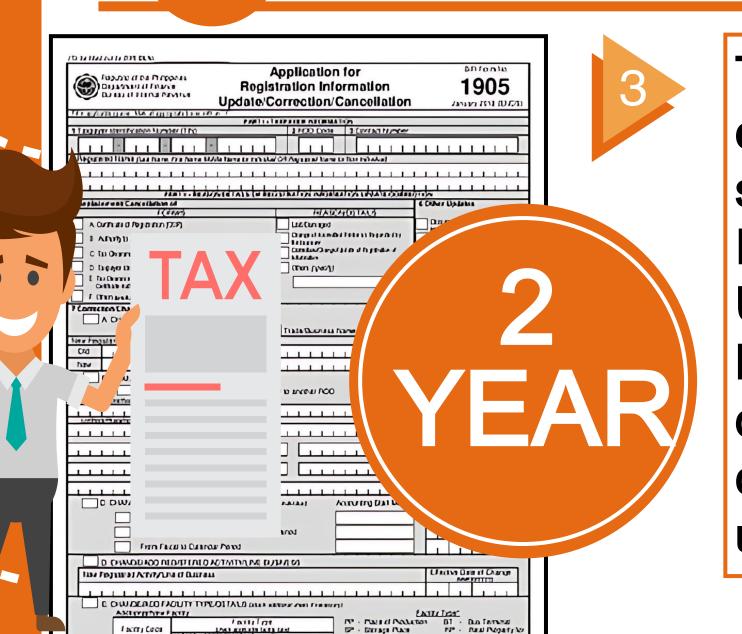


# CREDIT/REFUND OF UNUTILIED EXCESS INCOME TAX CREDIT UNDER SECTION 76(C)



# CREDIT/REFUND OF UNUTION EXCESS INCOME TAX CREUNDER SECTION 76(C)

Dissolution or Cessation of Business



The 2-year period to process and refund excess taxes begins when the taxpayer submits the Application for Registration Information

Update/Correction/Cancellation (BIR Form No. 1905) along with complete documentary requirements for business closure and refund of excess income taxes under Section 76 of the Tax Code.

CREDIT/REFUND CLAIMS UNDER (A) SECTIONS 204(C) AND 229 OF THE TAX CODE.

The Commissioner of Internal Revenue may -PROCESSING OF TAxcredit or refund taxes that were erroneously or illegally received or penalties imposed without authority .~ Additionally, the Commissioner may refund the value of returned internal revenue stamps if they are in good condition and, at their discretion, redeem or replace unused stamps that are unfit for use upon proof of destruction .





TAX





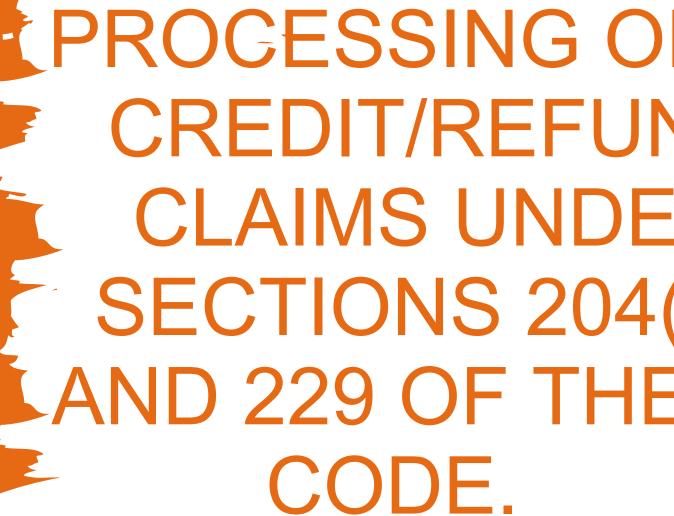
A tax credit or refund is only allowed if the taxpayer files a written claim with the Commissioner within two (2) years from the payment date, as per Section 229 of the Tax Code.



A return showing overpayment qualifies as a written claim.



The 2-year period starts only after submission of complete documents, as required by the Bureau of Internal Revenue (BIR









CREDIT/REFUR CLAIMS UNDERCE SECTIONS 204(C) CODE.

Under Sections 204 (C) and 229 of PROCESSING OF TAX the Tax Code, the Bureau of Internal Revenue (BIR) must process and decide on a tax credit/refund within 180 days from the submission of complete documents until payment AND 229 OF THE TAX of the refund or issuance of the Tax Credit Certificate (TCC)



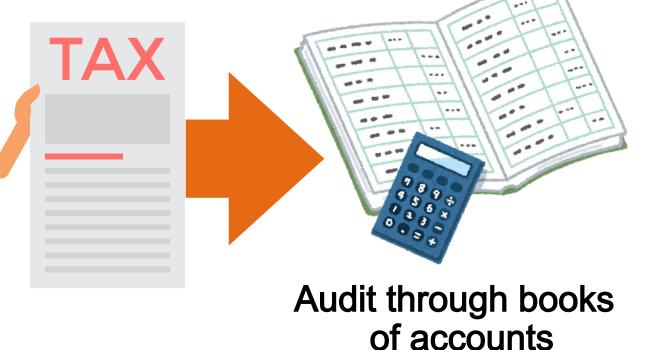


PROCESS WITHIN



Processing income tax credit/refund under Section 76(C) for a taxpayer with a going-concern status requires a thorough audit of the books of accounts to verify the legitimacy of the refund.

To comply with the 180-day processing time frame mandated by Section 204 (C) of the Tax Code, all relevant offices must prioritize these claims in accordance with Sections 76(C), 204 (C), and 229 of the Tax Code.





The processing of income tax credit/refund should not be delayed due to pending audits of other internal revenue tax liabilities.

# PROCESSING OF CREDIT/REFUIT CLAIMS UNDER SECTIONS 204 AND 229 OF THE CODE.



# PROCESSING OF CREDIT/REFULL CLAIMS UNDER SECTIONS 2046

Claim/s for tax credit/refund under Section 204 (C) and 299 of the Tax Code must conform with the following essential requisites:



The tax credit/refund claim pertains to erroneously or illegally received or collected taxes or penalties imposed without authority.



Filing of a claim for tax credit/refund must be done within two (2) years after payment of the tax or penalty.



CODE.

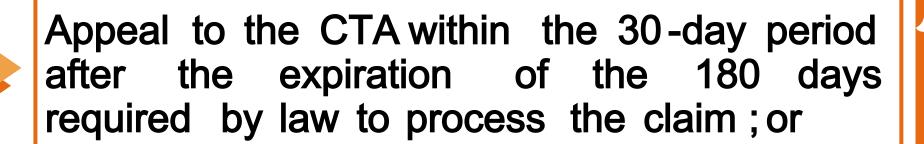


The erroneously or illegally received or collected taxes must be supported with a copy of the duly filed tax return with the corresponding payment remitted to the BIR.



In case the tax refund/credit is not acted upon by the Commissioner within the 180-day period, the taxpayer -claimant may opt to:







Forego the judicial remedy and await the final decision of the Commissioner on the application of VAT refund claim.



When the BIR failed to render a decision within the 180-day period and the taxpayer - claimant opted to seek for a judicial remedy within thirty (30) days from such period, administrative claim for refund shall be considered moot and shall no longer be processed.

# PROCESSING OF CREDIT/REFUNCTIONS UNDER SECTIONS 2046 AND 229 OF THE CODE.



PROCESSING OF TAX agent, or employee to process CREDIT/REFU CLAIMS UNDER SECTIONS 204(C) AND 229 OF THE TAX CODE.

Failure of any BIR official, and decide on a tax credit/refund application within the prescribed 180-day period shall be punished under Section 269 (J) of the Tax Code.







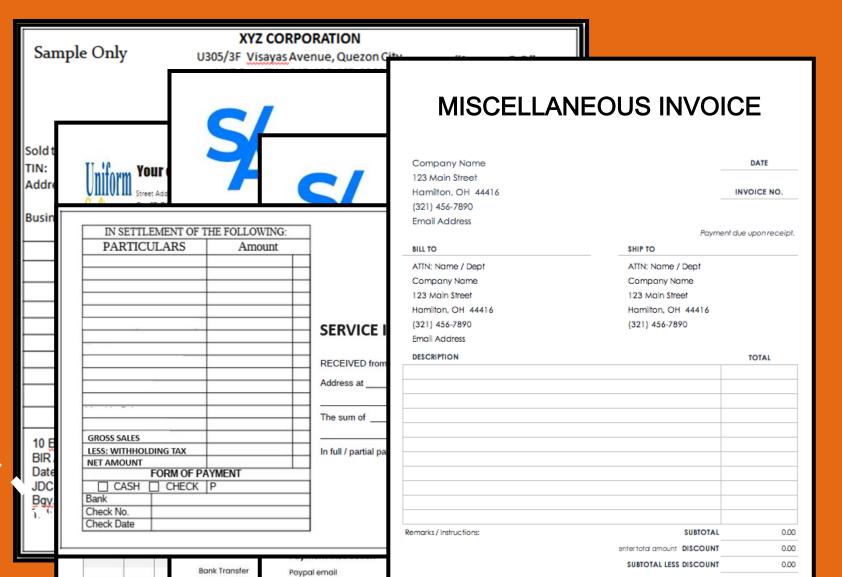
A Tax Credit Certificate (TCC) can be applied to any internal revenue tax liability, except withholding taxes, for which the taxpayer is directly responsible. If a taxpayer requests a refund of an unutilized TCC, it may be allowed under Section 230 of the Tax Code, provided that the original TCC showing a creditable balance is surrendered for verification cancellation. However, no tax refund shall be granted for incentives received under special laws if no actual payment was made.



It is also referred to as a "principal invoice" and is categorized as follows:



A written account evidencing the sale of goods and/or services issued to customers or buyer in the ordinary course of trade or business. This includes:



#### **VAT Invoice**

It is a written account evidencing the sale of goods, properties, services and/or leasing of properties subject to VAT and it shall be the basis of the output tax liability of the seller and the input tax claim of the buyer or purchaser.

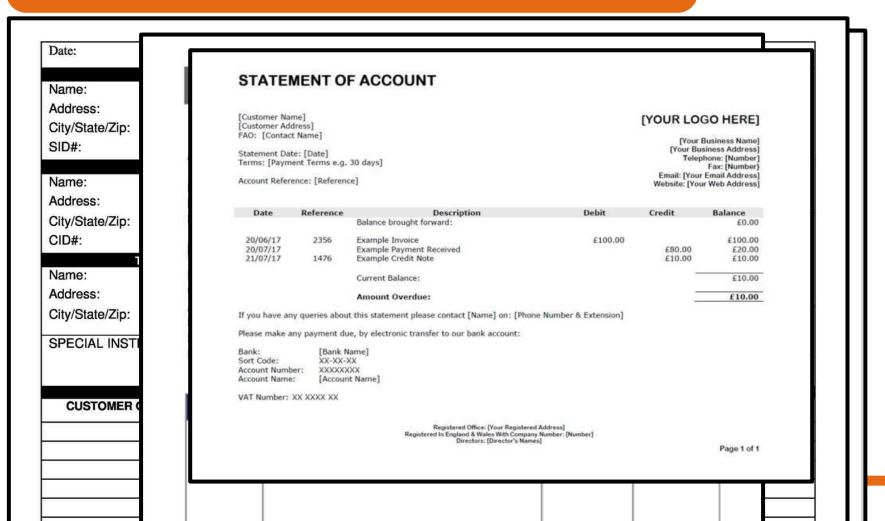
#### Non-VAT Invoice

It is a written account evidencing the sales of goods, properties, services and/or leasing of properties not subject to VAT and if applicable it shall be the basis of the Percentage Tax liability of the seller.

### Supplementary document

Is a written document, other than sales or commercial invoice, which serves as source of accounting entries in the books of accounts .

#### Includes but not limited to:



Any other document, by whatever name it is known or called, whether prepared manually (handwritten information) or preprinted/pre -numbered loose leaf (information typed using spreadsheet program or typewriter) or computerized as long as they are in the ordinary course of business and being issued to customers or otherwise.

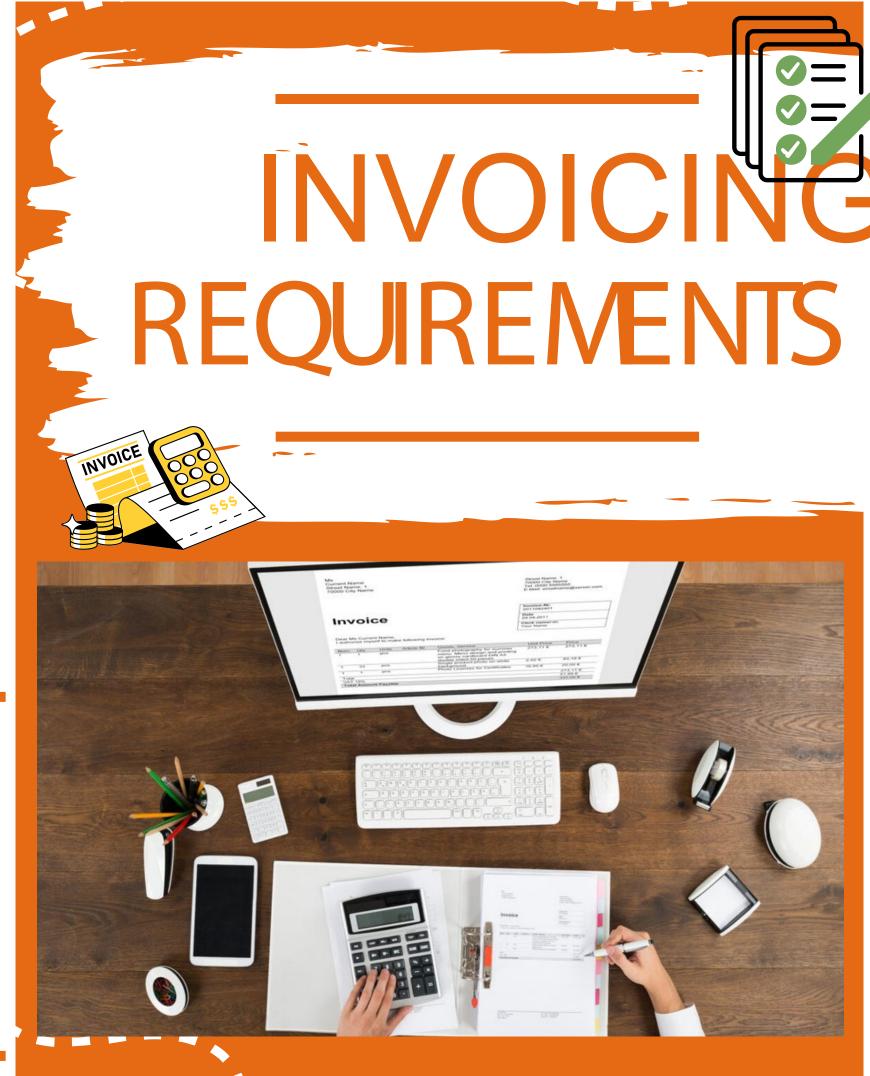
A VAT- registered person shall issue a duly registered VAT Invoice, for every sale, barter, exchange or lease of goods or properties, and for every sales, barter or exchange of services regardless of the amount of the transaction .



VAT- registered person

Sample Only	XYZ CORPORATION  U305/3F Visayas Avenue, Quezon City  VAT Reg. TIN: 245-406-465-0000  "Annex C.3"						
SALES INVOICE							
Sold to:				Date:			
TIN:				Terms:			
Address:				OSCA/PWD ID No.:			
				SC/PWD Signature:			
Business Style:							
QUANTITY	UNIT ARTICLES			UNIT PRICE	AMOUNT		
				Total Sales (VAT Inclusive)			
				Less:VAT			
		VATable Sales		Amount: Net of VAT			
		VAT-Exempt Sales		Less: SC/PWD Discount			
		Zero Rated Sales		Amount Due			
		VAT Amount		Add: VAT			
TOTAL AMOUNT DUE							
10 Bklts (3x) 1001-15 BIR Authority to Print	No. 3AU00						
Date Issued : 07-30-13: Valid until 07-29-2018 Cashier/Authorized Representative							
JDC PRINTING SERVICES, INC.				Printer's Accreditation N	o. P08051200		
TiN: 123.456.789.0000 Date Issued: 08-01-12							
THIS INVOICE SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP.  No. 1001							

A VAT Invoice shall be issued as evidence of sale of goods and/or properties and sale of services and/or leasing of properties issued to customers in the ordinary course of trade or business, whether cash sales or on account (credit), which shall be the basis of the output tax liability of the seller and the input tax claim of the buyer.



# Information contained in a VAT invoice

Sample Only		XYZ CORPOR		6.2"	
1		VAT Reg. TIN: 245-406-465-0000 Annex C.3"			
		SALES IN\	/OICE		
Sold to:			Date:		
TIN: Address:			Terms: OSCA/PWD ID No.:		
Business Style:			SC/PWD Signature:		
QUANTITY	UNIT	ARTICLES	UNIT PRICE	AMOUNT	
			Total Sales (VAT Inclusive)		
			Less:VAT		
		VATable Cales	Amount: Net of VAT		
			Less: SC/PWD Discount		
			Add: VAT		
			TOTAL AMOUNT DUE		
10 Bklts (3x) 1001-1500 BIR Authority to Print No. 3AU000805222 Date Issued: 07-30-13: Valid until 07-29-2018 JDC PRINTING SERVICES, INC.					
TIN: 123-456-789-000	Bgv. 123, Quezon City TIN: 123-456-789-0000  THIS INVOICE SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP.  Printer's Accreditation No. P08051200 Date Issued: 08-01-12 No. 1001				
		(9)			

The following information shall be indicated in the VAT invoice:



A statement that the seller is a VAT-registered person followed by the seller's Taxpayer Identification Number (TIN) and Branch Code (e.g., VAT Reg TIN 123-456-789-00000);



The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; provided that:



The VAT amount is shown as a separate item;



The term "VAT-Exempt Sale" is written or printed, if the sale is exempt from VAT;



The term "Zero-Rated Sale" is written or printed, if the sale is subject to Zero percent (0%) VAT;



If the sale involves goods, properties or services some of which are subject to and some of which are VAT Zero-Rated or VAT-Exempt, the invoice shall clearly indicate the breakdown of the sale price between taxable, exempt and zero-rated components and the calculation of the VAT on each portion of the sale shall be shown on the invoice; Provided, that the seller may issue separate invoices for the taxable, exempt and zero-rated components of the sale.

The following information shall be indicated in the VAT invoice :

3

The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service;



In the case of sales in the amount of One thousand pesos (₱1,000) or more whare the sale or transfer is made to a VAT-registered person, the registered name or name, address and TIN of the purchaser, customer or client.

# Information contained in a VAT invoice

		YV7 CODE	OPATION			
Sample Only	XYZ CORPORATION  U305/3F Visayas Avenue, Quezon City  VAT Reg. TIN: 245-406-465-0000  "Annex C.3"					
		SALES I	NVOICE	_		
Sold to:				Date:		
TIN:						
Address:				OSCA/PWD ID No.:		
				SC/PWD Signature:		
QUANTITY	UNIT	ARTICLE	·s	UNIT PRICE	AMOUNT	
QUARTIT	01111	Annees		OHIT THEE	Amount	
				Total Sales (VAT Inclusive)		
				Less: VAT		
		VATable Sales		Amount: Net of VAT		
		VAT-Exempt Sales		Less: SC/PWD Discount		
		Zero Rated Sales		Amount Due		
		VAT Amount		Add: VAT		
				TOTAL AMOUNT DUE		
10 Bklts (3x) 1001-15 BIR Authority to Print Date Issued: 07-30-1 JDC PRINTING SER	No. <u>3AU00</u> 3: Valid un VICES, INC	ntil 07-29-2018		Cashier/Authorized Repre		
Bgy, 123, Quezon City				Printer's Accreditation No. P08051200		

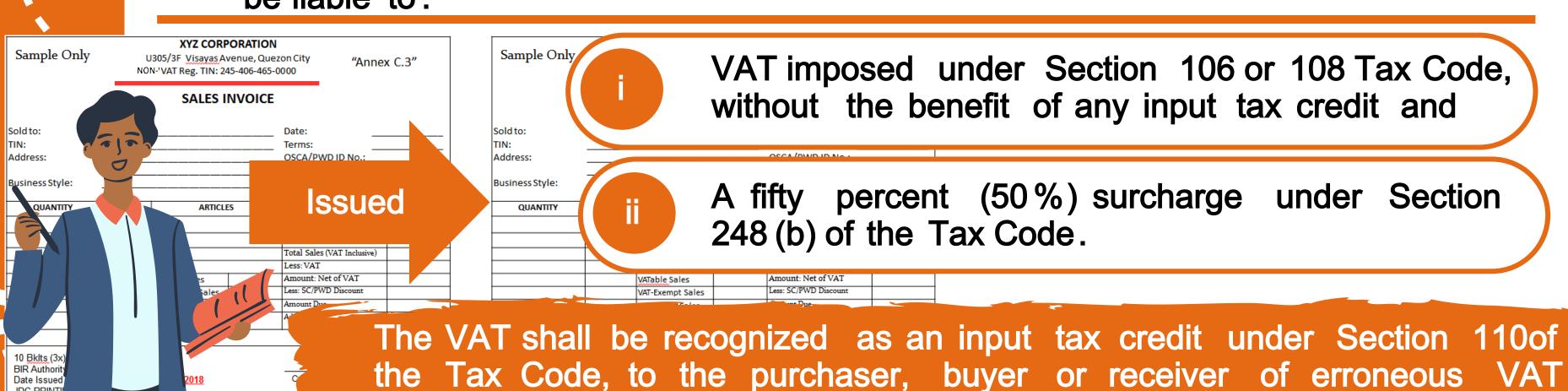


### CONSEQUENCE OF ISS ERRONEOUS VAT INVOICE



Bgy. 123, Q TIN: 123-45 All person who are not VAT-registered and issue a VAT Invoice showing the person's TIN followed by the word 'VAT' or showing the information under Section 3(B)(1) of these Regulations, shall, in addition to other percentage taxes, be liable to:

Invoice if all the required information under Section 3(B)(1) of these



Regulation are shown on the invoice.

#### VAT Registered person or Seller

Sample Only		XYZ CORF U305/3F Visayas A	ORATION		"
Jampie Sinj	,	VAT Reg. TIN: 24		· Alliex C.3	
		SALES I	NVOICE		
Sold to:				Date:	
TIN:				Terms:	
Address:				OSCA/PWD ID No.:	
				SC/PWD Signature:	
Business Style:					
QUANTITY	UNIT ARTICLES			UNIT PRICE	AMOUNT
				Total Sales (VAT Inclusive)	
				Less: VAT	
		VATable Sales		Amount: Net of VAT	
		VAT-Exempt Sales		Less: SC/PWD Discount	
		Zero Rated Sales		Amount Due	
		VAT Amount		Add: VAT	
				TOTAL AMOUNT DUE	
10 Bklts (3x) 1001-15	500				
BIR Authority to Print		0805222			
Date Issued: 07-30-13: Valid until 07-29-2018 Cashier/Authorized Representative					
JDC PRINTING SERVICES, INC.  Printer's Accreditation No. P0805120					
Bgy. 123, Quezon Cit TIN: 123-456-789-000				Date Issued: 08-01-12	
		L BE VALID FOR FIVE	(5) YEARS FE	ROM THE DATE OF ATP.	No. 1001

Issued VAT INVOICE

Fails to display the term 'VAT-Exempt Sale' or clearly provide a breakdown of the VAT-Exempt Sale on the invoice as provided for under Section 3(B)(2.4) of these Regulation.

VAT-Exempt



Shall be liable for the VAT in Section 106 and 108 as if Section 109 of the TAX Code did not apply.

## CONSEQUENCE OF ISSUERRONEOUS VATINVOICE



the From the day following deadline, in the filing of the return, or if filed after the deadline, from the date of the filing of the return, the taxpayer shall preserve all Books of Accounts, including the subsidiary books and other accounting records of corporations, partnerships, or persons.

Type	5 years
<ol> <li>Manual Books of Accounts and Other accounting records</li> </ol>	In hard copies
2. Manual Bound Loose Leaf Books of Accounts and other accounting records	In hard copies
3. Computerized Books of Accounts and other accounting records	In electronic copies

### PRESERVAT



### PRESERVATO

SUBSIDIARY PURCHASE JOUR



"Other accounting records"

Includes the corresponding invoices, receipts, vouchers and returns, and other source documents supporting the entries in the Books of Accounts.



3

"Last entry"

Refers to a particular business transaction or an item thereof that is entered or posted last or the latest in the Books of Accounts when the same was closed.

If a taxpayer has a pending protest or claim for a tax credit/refund, and the books and records are material to the case, they must preserve these records until the case is fully resolved —even beyond the prescribed 5-year retention period.



An independent Certified Public Accountant (CPA) who audited and certified a taxpayer's financial statements must retain electronic copies of the audited financial statements and audit working papers for five (5) years from either the due date of filing or the actual filing date of the annual income tax return, whichever is later.

### PRESERVAT





The Commissioner of the Bureau of Internal Revenue (BIR) has the authority to obtain information and conduct separate examinations of financial records.



Taxpayer records must be inspected at their place of business or at the BIR office

All corporations, partnership or persons that retire from business given by the BIR Commissioner to submit their books of accounts .

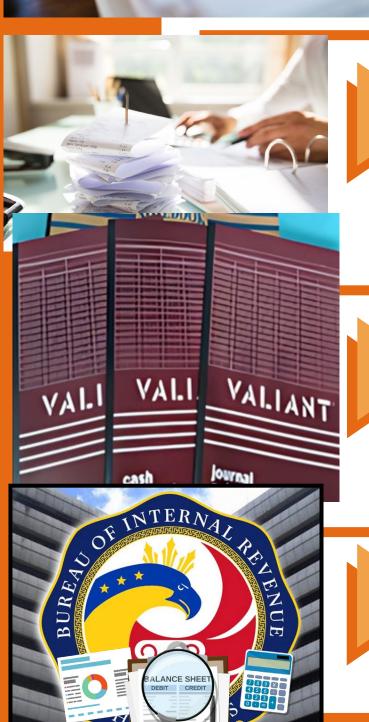




Corporations and partnerships planning to dissolve must notify the Commissioner and cannot be dissolved until they are cleared of tax liabilities .



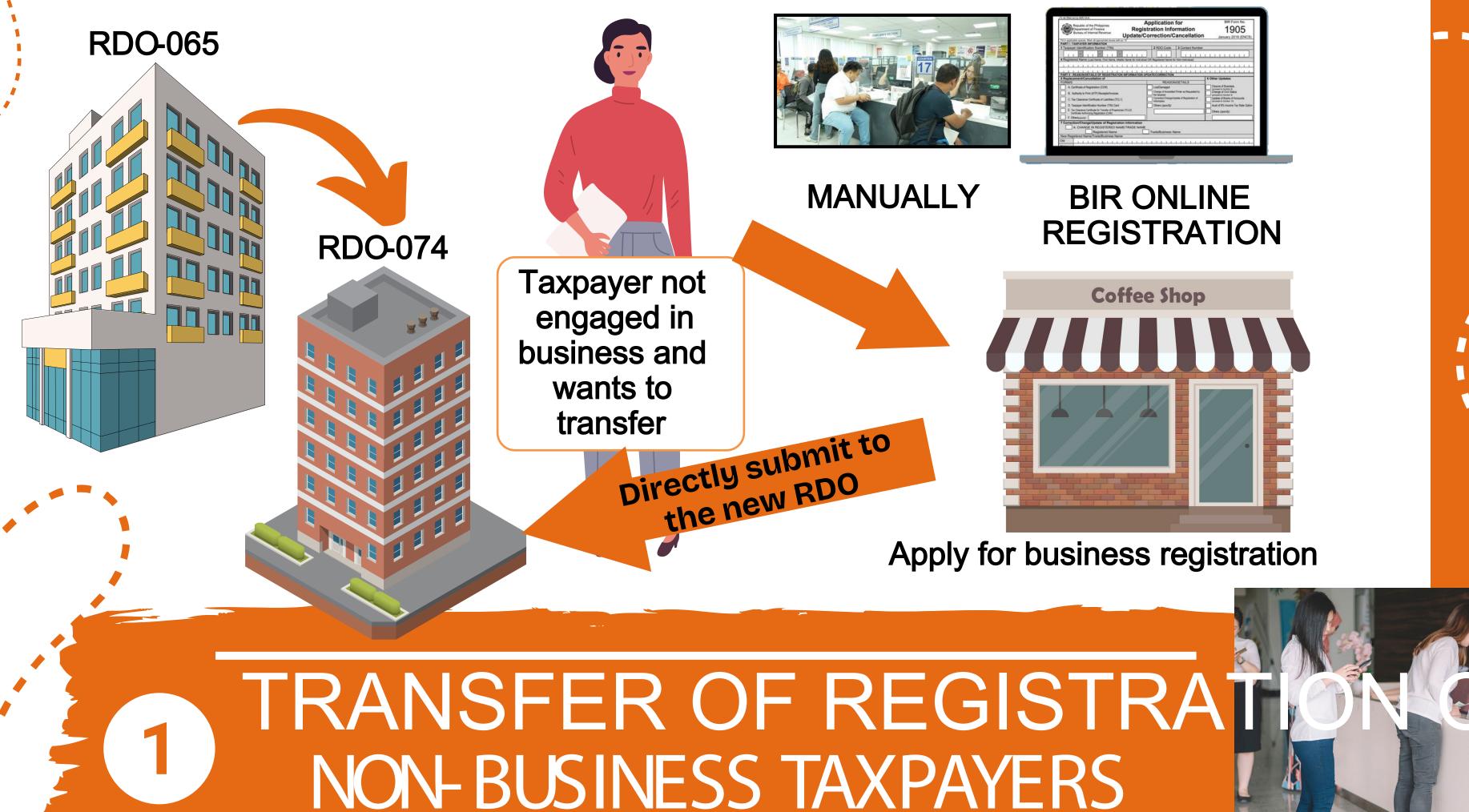
### EXAMINATION AND INSPE

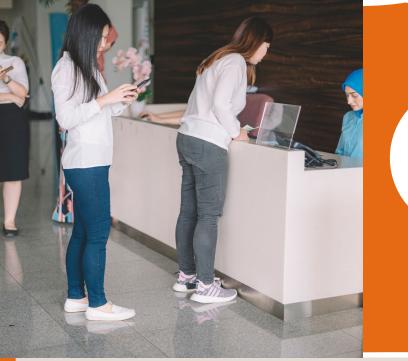


All books, records, vouchers, and supporting documents required by the Bureau of Internal Revenue (BIR) must be kept intact, unaltered, and unmutilated in the taxpayer's place of business. These records are subject to inspection by internal revenue officers, and upon request, they must be immediately presented for review.

The books of accounts and accounting records may be examined and inspected for various purposes, including audit, requests for exchange of information by a foreign tax authority under Sections 6 and 71 of the Tax Code, and as part of the Commissioner's authority to obtain information under Section 5 of the Tax Code.

The examination and inspection of Books of Accounts and accounting records must take place either at the taxpayer's office or place of business or at the Bureau of Internal Revenue (BIR) office.





**Coffee Shop** 

RE

### 2 TRANSFER OF REGISTRATE BUSINESS TAXPAYERS



Secure a new BIR Certificate of Registration from its new RDO. The new RDO shall include all newly transferred business taxpayers in its monthly TCVD after thirty (30) days from the issuance of new BIR Certificate of Registration.

All open-cases/stop -filer cases shall be settled at the new RDO, except for those who are subject to audit investigations in which case any audit findings including open-cases/stop -filer cases shall be settled at the RDO which initiated the same.

Taxpayers with open-cases/stop-filer cases who are not subject to audit investigations shall be transferred to the new RDO within the prescribed period together with its open-cases/stop-filer cases.



Any person who carries on or engages in any business and is not duly registered with the BIR shall, upon conviction for each act or omission, be punished in accordance with the penalty provided in Sec. 258 of the Tax Code.

Not registered

## UNLAWFUL PURSUIT BUSINESS

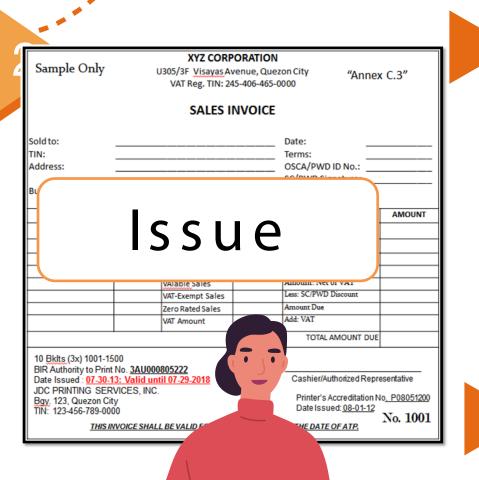
### ISSUANG

Sample Only	U305/3F Visayas Avenue, Quezon City VAT Reg. TIN: 245-406-465-0000  SALES INVOICE  "Annex C.3"			description service.
Sold to: TIN: Address: Business Style:			Date: Terms: OSCA/PWD ID No.: SC/PWD Signature:	
QUANTITY	UNIT	VATable Sales VAT-Exempt Sales Zero Rated Sales VAT Amount	Total Sales (VAT In Less: VAT Amount: Net of V Less: SC/PWD Disc Amount Due Add: VAT	00
10 Bklts (3x) 1001-150 BIR Authority to Print Date Issued: 07-30-1 JDC PRINTING SERV Bgy, 123, Quezon City	No. <u>3AU000</u> 3: Valid un /ICES, INC	til 07-29-2018	Cashier/Authorized Representa.  Printer's Accreditation No. P080512 Date Issued: 08-01-12	<u>w</u>

No. 1001

All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at Five hundred pesos (\$\mathbb{P}\$500.00) or more, issue duly registered invoices, showing the name, Taxpayer Identification Number (TIN), date of transaction, quantity, unit cost and description of merchandise or nature of service

Shall be adjusted to its present values every three (3) years using the consumer price index, as published by the Philippines Statistics Authority (PSA).



The seller shall is sue invoice when the taxpayer requires regardless of the amount of ransaction/



VAT
Registered
person



Regardless of the amount of the sale and transfer of merchandise or for services rendered.

### 



### ISSUANG



The word "Invoice" shall be printed on the face of the invoice to be issued to buyer or customers, and prominently printed or larger than the word describing the transaction

The term Cash Sales or Charge Sales, at the seller's option, can be indicated in the Invoice as checkboxes to reflect the type of transactions.



Have a separate of invoices for cash sales or charge sales. That indicate the word "Invoice".

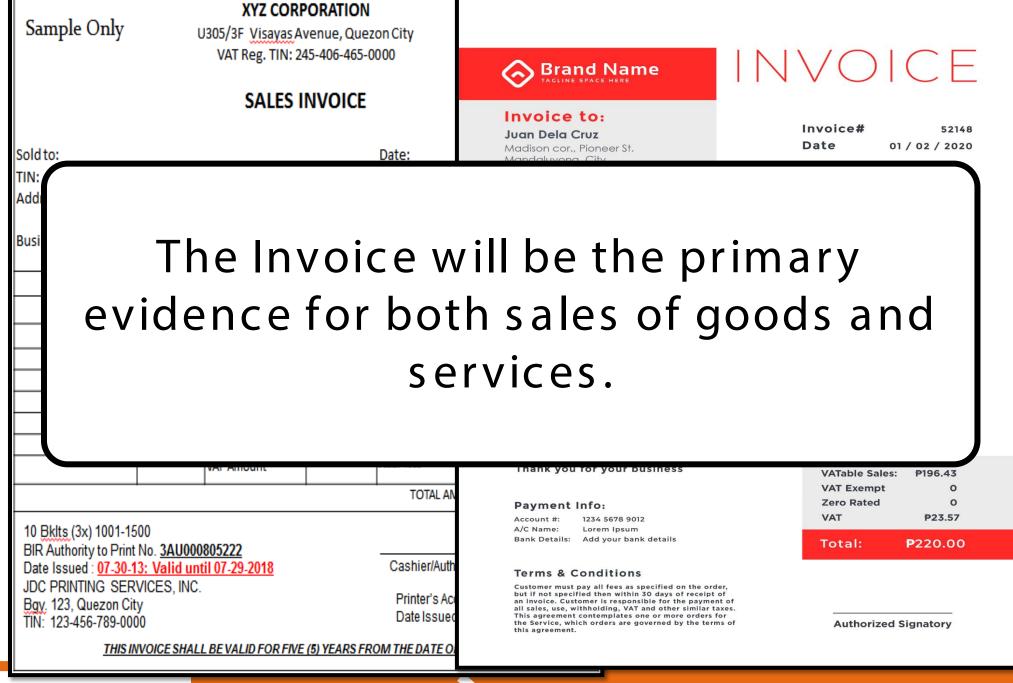
- Cash Invoice,
- Charge Invoice/Credit Invoice,
- Billing Invoice,
- Service Invoice, etc.

Considering that the Ease of Paying Taxes Act no longer

#### ISSIJAN requires the issuance of Official Receipts. XYZ CORPORATION

IN PAYME	NT OF:	NAME OF COMPANY						
PARTICULARS	AMOUNT	COMPANY ADDRESS  VAT REG. TIN: XXX-XXX						
		OFFICIAL RECEIPT (Type of industry)	No.:					
	No	longer req	uired to	20,				
TOTAL SALES Add: VAT		issue		gaged in				
Less: Withholding Tax		the business style of		_, the sum of				
Amount Due		Pesos	(P	)				

Official Receipt, Collection Receipt Payment Receipt can still be issued as proof of payment but for supplemental document only. To promote ease of doing business, the unused OR can still be used but as an option of the taxpayer.



# ISSUANG<sup>\*</sup>

	Sample Only		LARRY E	B. VELO., N	M.D. "Annex C.2"
		Rr	n. 205 St. Luke's H NON-VAT Reg.	ospital, E. Rod	riguez Sr.,Q.C.
			OFFICIA	AL RECEIP	т
	Billing Invoice No.	Amount			DATE
			Received fro	om	with TIN
	Total Sales		and address at		engaged in the
	Less SCIPWOD scourt		business style	of	, the sum of
	Total Due				pesos
	Less Witholding Tax		(P ) In par	tial/full paym	ent for
	Payment Due				
	rejounces				By
1111			Sr. Citizen TIN		By:Cashier/ Authorized Representative
MAL	Form of Payment:		OSCA/PWD ID No.	Signature	
	Osh	Check			No. 1001
	10 Bkfts (3x) 10	01-1500			2.01.2002
1		Print No. 3AU000			
	BERTHA PRINT	30-13: Valid unti ING SERVICES,			Printer's Accreditation No. P08051200 Date Issued 08-01-12
	Bgy. 789, Quezo				
	TIN 123-456-78	9-0000	*THIS	DOCUMENT IS N	OT VALID FOR CLAIM OF INPUT TAXES*
•	(b)>)		Ti		
	0				

### Supplementary Documents Requirement

Official receipts, delivery receipts, order slips, purchase orders, acknowledgment receipts, collection/cash receipts, credit/debit memos, job orders, and similar documents must include essential tax-related information.

#### **Mandatory Disclaimer**

These documents must boldly display the phrase: "THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAX." on the front.

#### Accounting Records

These supplementary documents form part of the taxpayer's accounting records and are issued to customers.

6

Taxpayer whose transactions are not subject to VAT or percentage tax shall issue Non-VAT Invoice indicating at the face of such the invoice "EXEMPT".

Sample Only	EZG CORPORATION  U115 G/F SM North Edsa, Quezon City "Annex C.4"  NON-VAT Reg. TIN: 245-406-465-0000								
SALES INVOICE									
Sold to: TIN: Address: Business Style:	Date: Terms: OSCA/PWD ID No.: SC/PWD Signature:								
QUANTITY	UNIT	ARTICLES	UNIT PRI	CE AMOUNT					
			Total Sales						
			Less: SC/PWD- Discount TOTAL AMOU	NT DUE					
10 Bklts (3x) 1001-1500  BIR Authority to Print No. 3AU000805222  Date Issued: 07-30-13: Valid until 07-29-2018  JDC PRINTING SERVICES, INC.  Bgy. 123, Quezon City  TIN: 123-456-789-0000  Cashier/Authorized Representative  Printer's Accreditation No. P08051200  Date Issued: 08-01-12									
"THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAXES"  THIS INVOICE SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP.									

If the taxpayer is not VAT-registered and is subject to percentage tax under Title V of the Tax Code, but sells goods/services under Section 109(A) to (CC) except (E) of the same Section, then the Non-VAT Invoice shall indicate the breakdown of Sales Subject to Percentage Tax (SSPT) and Exempt Sales.

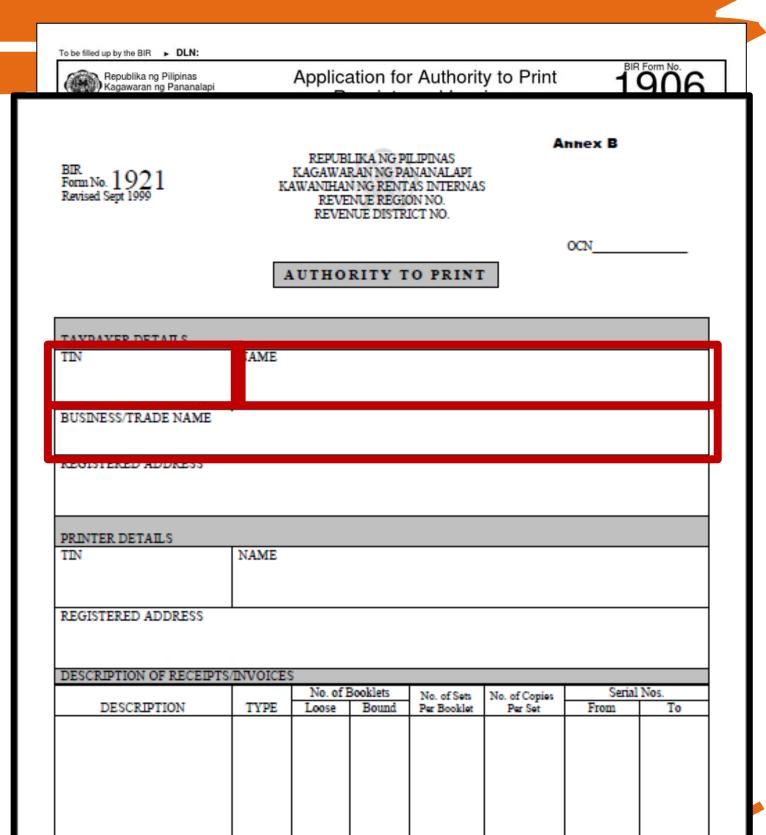
# EISSUAINC

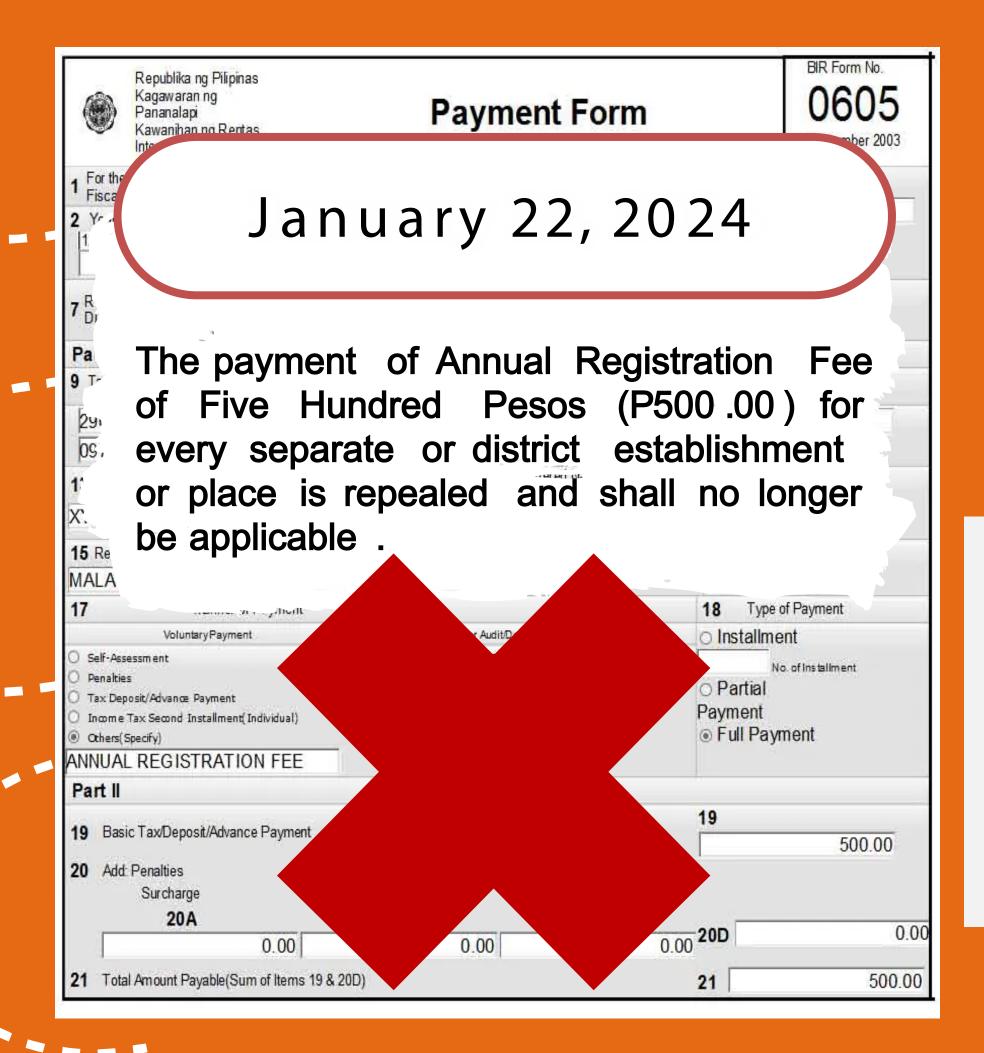


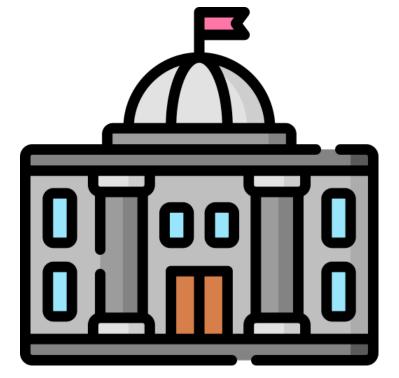


# PRINTING OF INVOICES USES SECTION 238 OF THE TAX

- All persons, whether private or government will apply form The BIR an Authority to Print (ATP) principal and supplementary documents, free of charge.
  - No authority to print invoices shall be granted unless to be printed are serially numbered and shall show, among other things,
    - Name,
    - > TIN and
    - Business address of the person or entity to use the same, and such other information.







National Government Agencies (NGAs)



Local Government Units (LGUs)

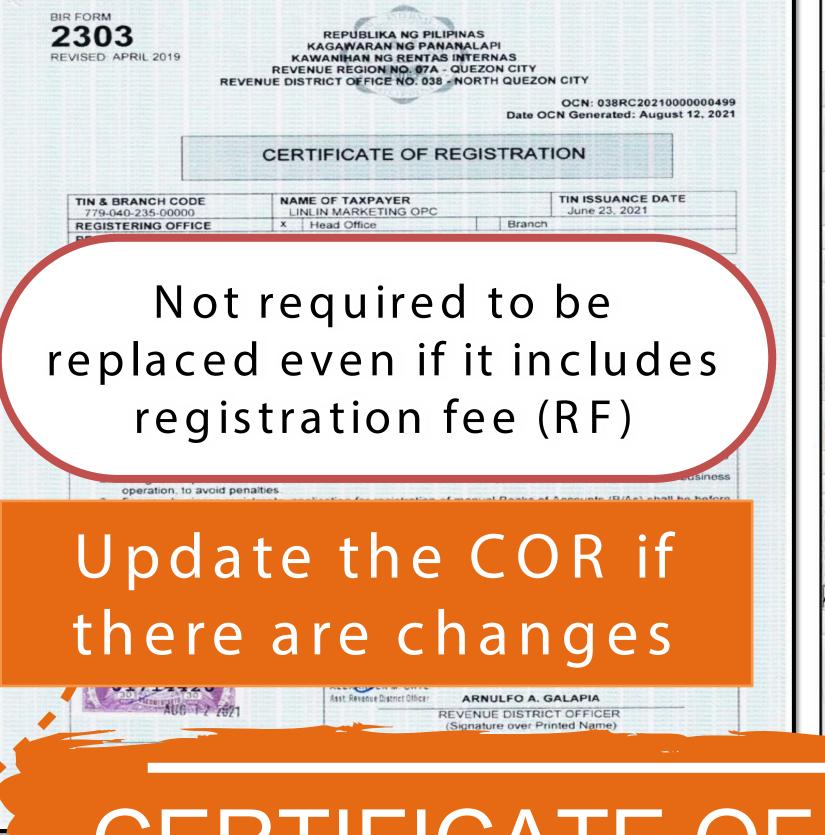


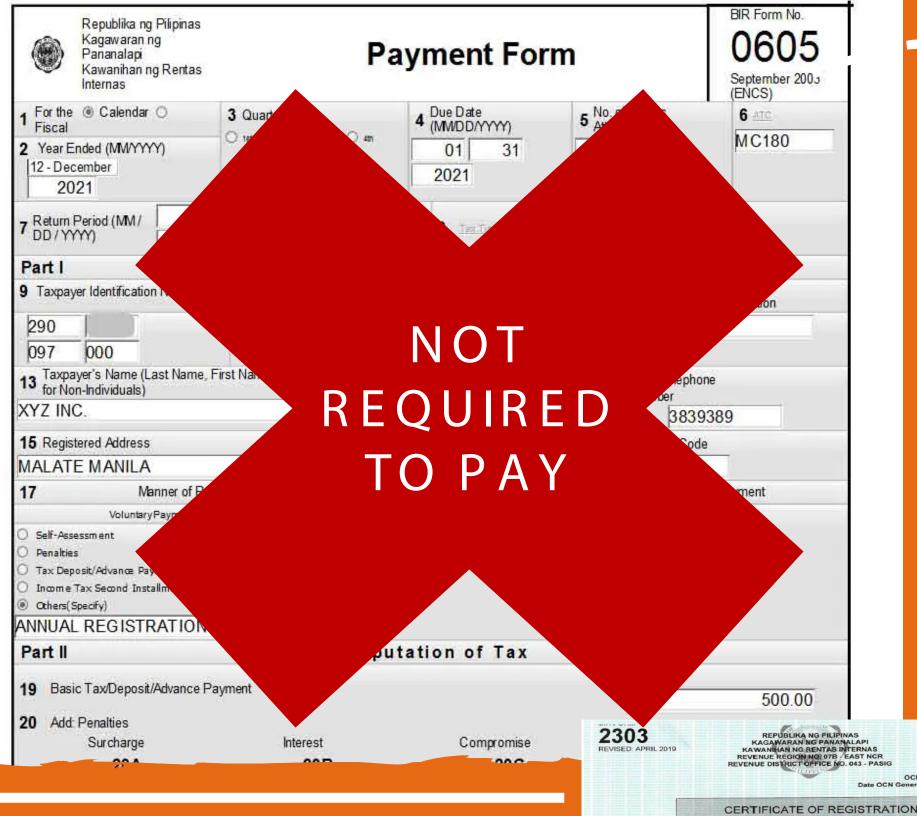
Government Owned and Controlled Corporation (GOCCs)

BIR Form No. 192] Revised Sept 1999	I KAGAWARAN NG PANANALAPI KAWANIHAN NG RENTAS INTERNAS REVENUE REGION NO. REVENUE DISTRICT NO.	OCN
	AUTHORITY TO PRINT	· · · · · · · · · · · · · · · · · · ·
TAXPAYER DET.		

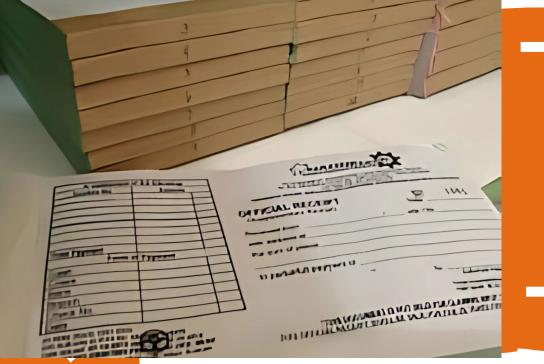
Engaged in proprietary functions shall apply for ATP in the printing of their principal and supplementary documents.

Printer's Accreditation No.:  Date of Accreditation:	REVENUE DISTRICT OFFICER of the Issuing Office (RDO)	
IMPORTANT: Please address any communication on this matter to_ at telephone no(s).		-





## CERTIFICATE OF REGISTRATION REFLECTING THE REGISTRATION FEE



#### UNUSED OFFICIAL REC

Sample Only

#### LARRA ENTERPRISES

U305/3F Mindanao Avenue, Quezon City NON-VAT Reg. TIN: 145-405-488-0000

OFFICIAL RECEIPT

"Annex C.7"



Taxpayer to continue the use Official of Receipts as supplementary document.

All Official unused or unissued Receipts still be may used supplementary document until fully consumed, provided that the phrase "THIS DOCUMENT IS NOT VALID FOR **CLAIM OF INPUT TAX".** 

Received From: TIN: Address:				Date: OSCA/PWD ID No.: SC/PWD Signature:	
Business Style:					
QUANTITY	UNIT	ARTIC	LES	UNIT PRICE	AMOUNT
	-				
		SSPT		Total Sales	
			+	Less: SC/PWD Discount	
		Exempt Sales		TOTAL AMOUNT DUE	
10 Bklts (3x) 1001-	1500			Issued by:	_

BIR Authority to Print No. 3AU000805222 Date Issued: 07-30-13: Valid until 07-29-2018

JDC PRINTING SERVICES, INC.

Bgy. 123, Quezon City TIN: 123-456-789-0000 (Print Name and Signature)

Printer's Accreditation No. P08051200

No. 1001

Date Issued: 08-01-12

"THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAXES"

THIS OFFICIAL RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP

Taxpayer to convert and use the remaining Official Receipts as Invoice.

Unstamped will be considered supplementary documents.

Taxpayer should obtain newly printed invoices with ATP before consuming the converted Official Receipts.

Sample Only

LARRA ENTERPRISES

U305/3F Mindanao Avenue, Quezon City NON-VAT Reg. TIN: 145-405-488-0000 "Annex C.7"

OFFICIAL DECEMP

INVOICE

Validity period from January 22 to

Busines December 31, 2024.

The taxpayer can stamp the Official Receipts as Invoices. It does not require the approval of Revenue District Offices/LT Offices/LT Divisions.

JDC PRINTING SERVICES, INC.







### UNUSED OFFICIAL REC

Sample Only

Received From:

Address:

3

Reportorial Requirement of Unused Official Receipts to be Used as Invoice upon Effectivity of these Regulations

All unused that is converted to Invoice shall be reported to BIR by submitting an inventory or unused official receipts, indicating the number of booklets and corresponding serial numbers within thirty (30) days upon effectivity.

L	Δ	R	R	Α	П	F	٨	П	ı	1	2	P	R	ı	ς	F
_	_					_					w				•	_

U305/3F Mindanao Avenue, Quezon City NON-VAT Reg. TIN: 145-405-488-0000 "Annex C.7"

<b>0</b>	 	 CIDT	

INVOICE

OSCA/PWD ID No.:

SC/PWD Signature:

Business Style:					
QUANTITY	UNIT	ARTICLE	S	UNIT PRICE	AMOUNT
		SSPT		Total Sales	
		Exempt Sales		Less: SC/PWD Discount	
				TOTAL AMOUNT DUE	

10 Bklts (3x) 1001-1500

BIR Authority to Print No. <u>3AU000805222</u>
Date Issued: <u>07-30-13</u>: Valid until <u>07-29-2018</u>

JDC PRINTING SERVICES, INC.

Bgy. 123, Quezon City TIN: 123-456-789-0000 (Print Name and Signature)

Issued by:

Printer's Accreditation No. <u>P08051200</u>

Date Issued: <u>08-01-12</u> **No. 1001** 

"THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAXES"

THIS OFFICIAL RECEIPT SHALLBE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP.



We welcome the Senate's approval of the Ease of Paying Taxes Act. This will simplify tax filings for small enterprises, allow most tax processes to be done online, and shift to an invoice system to accelerate VAT refunds, resulting to a more efficient and modern tax system as envisioned in our Medium-Term Fiscal Framework.

SECRETARY OF FINANCE

BENJAMIN E. DIOKNO

### PBBM signs Ease of Paying Taxes Act to boost economy; protect, safeguard taxpayer rights

The Ease of Paying Taxes (EOPT) Act will modernize and increase the efficiency and effectiveness of tax administration. It will strengthen taxpayer rights and allow the government to capture as many taxpayers as possible into the tax net by streamlining the system and minimizing the burden on taxpayers, increasing the country's revenue collection in the long run.



"We have to strike a balance between providing relief to taxpayers, on the one hand, and maintaining administrative efficiency through the integrity of our tax collection and monitoring mechanisms, on the other," the President explained.

