



EASE OF PAYING TAXES (REPUBLIC ACT NO. 11976)

ATTY. ARNOLD A. APDUA, CPA
Managing Partner, AAA AND CO., CPAS
(Former BIR Revenue Officer)

ATTY. ARNOLD A. APDUA, CPA



Atty. Arnold A. Apdua, CPA
Resource Speaker
(Former BIR Revenue Officer)

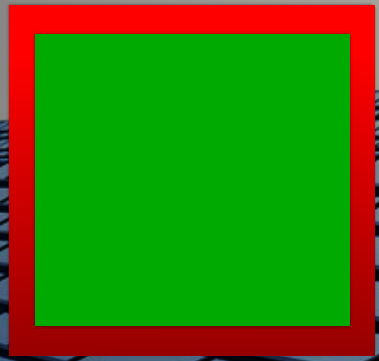
Atty. Arnold A. Apdua, CPA, recognized as 2023 Outstanding PICPA Member, is an exceptional and sought-after PICPA resource tax speaker, with nineteen (19) years of extensive tax experience. He has lectured to more than thirty thousand (30,000) accountants, bookkeepers, businessmen and students all over the Philippines.

Atty. Apdua is the Managing Partner of AAA and Co., CPAs, a Philippine-member firm of the Alliot Global Alliance. He was a tax lawyer of Quasha Ancheta Pena and Nolasco Law Office. He also served as Revenue Officer of the Bureau of Internal Revenue from 2004 to 2011, and awarded as Top Revenue Collector in BIR Mandaluyong from 2009 to 2011. He was also an associate of the Sycip Gorres Velayo & Co. (SGV & Co.), a member practice of Ernst & Young International.

He was also the Committee Chair for Comelec of the PICPA National Office and Metro Manila Region (MMR) and Committee Chairman for Taxation and Comelec for PICPA Western Metro Manila Chapter. He was appointed as Chairman of the PICPA Annual Business Meetings for Fiscal Years 2020-2021 to 2023-2024, which included the amendment of the latest PICPA Bylaws.

He was a professor of the University of Asia and the Pacific, University of the East and Pamantasan ng Lungsod ng Maynila. He holds degree in Bachelor of Laws and Bachelor of Science in Accountancy from the University of the East.

DECLARATION OF POLICY



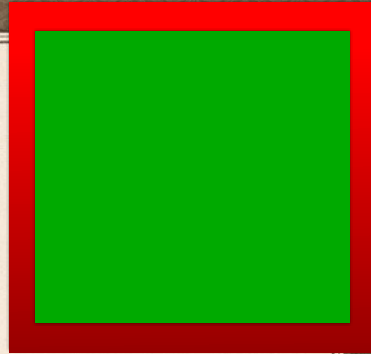
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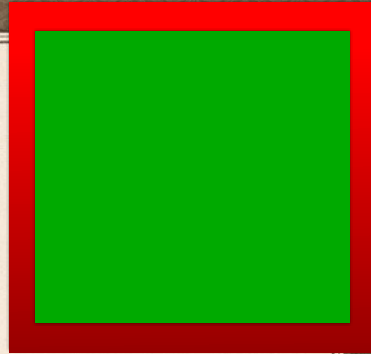
SEC. 2. Declaration of Policy.






It is hereby declared the policy of the State:

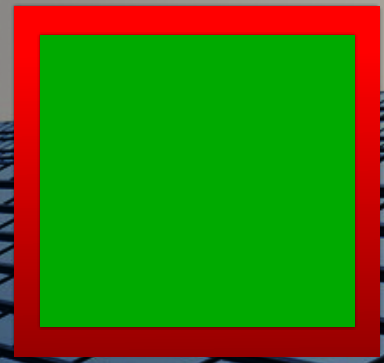
- (1) To provide a healthy environment for the tax paying public that protects and safeguards taxpayer rights and welfare, as well as assures the fair treatment of all taxpayers;
- (2) To modernize tax administration and improve its efficiency and effectiveness by providing mechanisms that encourage proper and easy compliance at the least cost and resources possible;

SEC. 2. Declaration of Policy.



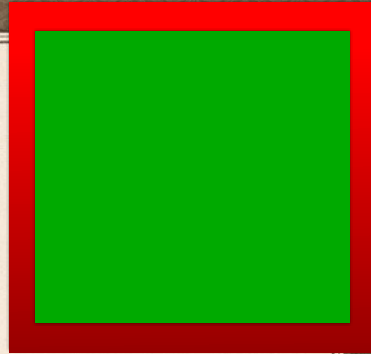
(3) To  update the taxation system, adopt best practices, and replace antiquated procedures; and

(4) To  enact policies and procedures, which are  appropriate to different types of taxpayers.



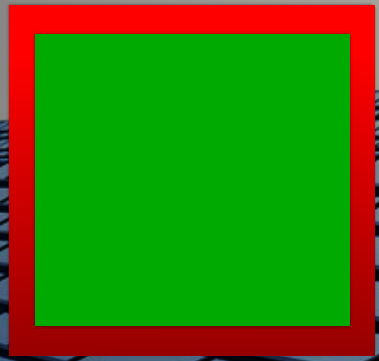
CLASSIFICATION OF TAXPAYERS

Sec. 3 (b) Classification of Taxpayers: For purposes of responsive tax administration, taxpayers shall be classified as follows:



GROUP	GROSS SALES
MICRO ✓	Less than Three million pesos (P3,000,000)
SMALL ✓	Three million pesos (P3,000,000.00) to less than Twenty million pesos (P20,000,000)
MEDIUM ✓	Twenty million pesos (P20,000,000) to less than One billion pesos (P1,000,000,000)
LARGE ✓	One billion pesos (P1,000,000,000) and above

MANNER OF TAX COMPLIANCE



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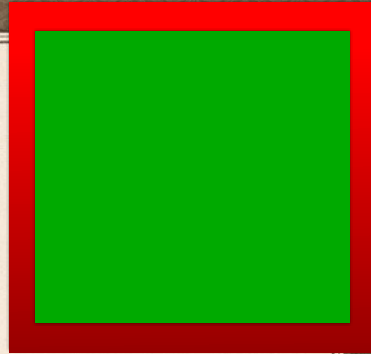
SEC. 4. Definitions.

The term “filing of return” shall refer to the act of accomplishing and submitting the prescribed tax return, electronically or manually, to the Bureau of Internal Revenue, or through any authorized agent bank or authorized tax software provider, as required under this Code or as prescribed under existing rules and regulations.

SEC. 4. Definitions.

The term “payment of tax” or “remittance of tax” shall refer to the act of delivering the amount of tax due or withheld, either electronically or manually, to the Bureau of Internal Revenue, or through any authorized agent bank or authorized tax software provider, as required under this Code or as prescribed under existing rules and regulations.

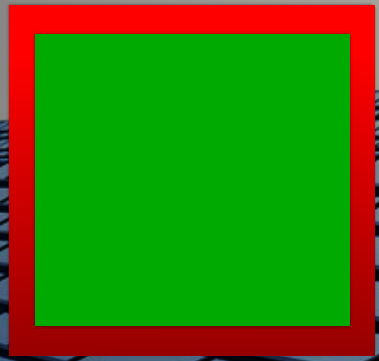
Manual or Electronic Filing, File Anywhere



Tax Types

Income Tax	Documentary Stamp Tax
Value-Added Tax	Estate Tax
Percentage Tax	Donor's Tax
Withholding Tax	Excise Tax

CLAIM OF EXPENSES



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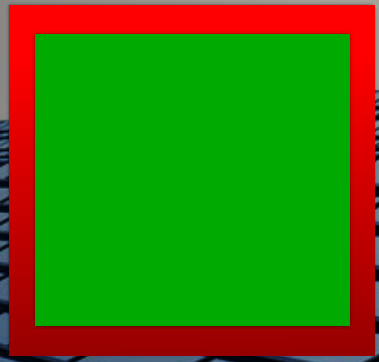


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SEC. 5. Income Payments

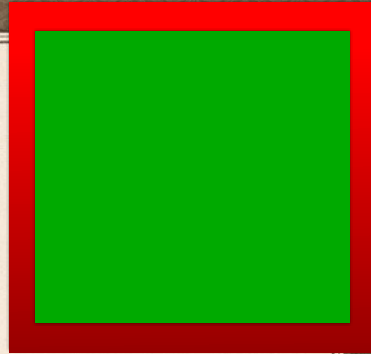
Section 34(K) of the National Internal Revenue Code of 1997, as amended, is repealed, and the succeeding paragraph is renumbered accordingly.

“(K) Additional Requirements for Deductibility of Certain Payments.— Any amount paid or payable which is otherwise deductible from, or taken into account in computing gross income or for which depreciation or amortization may be allowed under this Section, shall be allowed as a deduction only if it is shown that the tax required to be deducted and withheld therefrom has been paid to the Bureau of Internal Revenue in accordance with this Section, Sections 58 and 81 of this Code.”



TIMING OF WITHHOLDING TAXES

SEC. 9. Withholding Taxes



SEC. 58. Returns and Payment of Taxes Withheld at Source.



(C) Timing of Withholding Taxes. — The obligation to deduct and withhold the tax arises at the time the income has become payable.




SEC. 9. Withholding Taxes

(E) Income of Recipient. —Income upon which any creditable tax is required to be withheld at source under Section 57 shall be included in the return of its recipient but the excess of the amount of tax so withheld over the tax due on his return shall be refunded to the subject to the provisions of Section 204; if the income tax collected at source is less than the tax due on his return, the difference shall be paid in accordance with the provisions of Section 56.

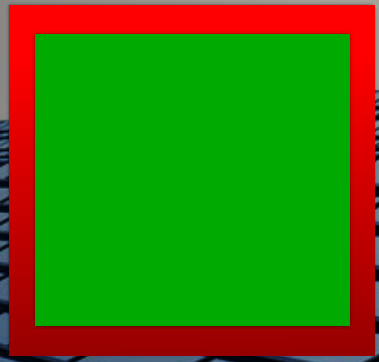
Claims for tax credit or refund of any creditable income tax which was deducted and withheld on income payments shall be given due course only when it is shown that the income payment has been declared as part of the gross income and the fact of withholding is established. Claims for tax credit of any creditable income tax deducted and withheld in a previous period can still be creditable in the subsequent calendar or fiscal year: *Provided*, That the same had been declared in the tax return where the corresponding income is reported.

SEC. 10. Final Adjustment Return

SEC. 76. Final Adjustment Return. —



Provided, That in case the taxpayer cannot carry over the excess income tax credit due to dissolution or cessation of business, the taxpayer shall file an application for refund of any unutilized excess income tax credit, and the Bureau of Internal Revenue shall decide on the application and refund the excess taxes within two (2) years from the date of the dissolution or cessation of business.



RECOGNITION OF TRANSACTIONS

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SEC. 16. Value-Added Tax on Goods

SEC. 106. Value-Added Tax on Sale of Goods or Properties. —

(A) Rate and Base of Tax. — There shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, a value-added tax equivalent to twelve percent (12%) of the gross sales* of the goods or properties sold, bartered or exchanged, such tax to be paid by the seller or transferor.

XXX

For the purposes of this Section, the term 'gross sales' means the total amount of money or its equivalent value in money which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods or properties, excluding the value-added tax. The excise tax, if any, on such goods or properties shall form part of the gross sales*.

*"selling price" was removed

SEC. 16. Value-Added Tax on Goods

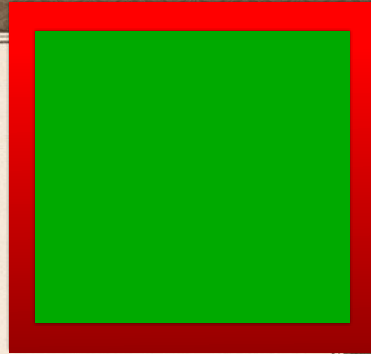
(D) Sales Returns, Allowances and Sales Discounts. —The value of goods or properties sold and subsequently returned or for which allowances were granted by a VAT-registered person may be deducted from the gross sales* for the quarter in which a refund is made or a credit memorandum or refund is issued. Sales discount granted and indicated in the invoice at the time of sale and the grant of which does not depend upon the happening of a future event may be excluded from the gross sales within the same quarter it was given.

(E) Authority of the Commissioner to Determine the Appropriate Tax Base. — The Commissioner shall, by rules and regulations prescribed by the Secretary of Finance, determine the appropriate tax base in cases where a transaction is deemed a sale, barter or exchange of goods or properties under Subsection (B) hereof, or where the gross sales** is unreasonably lower than the actual market value."

*"receipts" was removed

**"selling price" was removed

SEC. 17. Value-Added Tax on Services

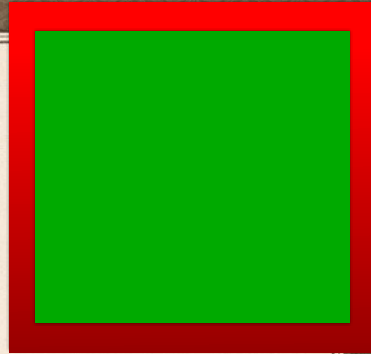


SEC. 108. Value-Added Tax on Sale of Services and Use or Lease of Properties. —

(A) Rate and Base of Tax. — There shall be levied, assessed and collected, a value-added tax equivalent to twelve percent (12%) of the gross sales* derived from the sale or exchange of services, including the use or lease of properties.

***Gross receipts was replaced by gross sales.**

SEC. 17. Value-Added Tax on Services



For purposes of this Section, the term "gross sales"* means the total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services** during the taxable quarter for the services performed for another person, which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter, or exchange of services that has already been rendered by the seller and the use or lease of properties that have already been supplied by the seller, excluding value-added tax and those amounts earmarked for payment to third (3rd) party or received as reimbursement for payment on behalf of another which do not redound to the benefit of the seller as provided under relevant laws, rules or regulations: Provided, That for long-term contracts for a period of one (1) year or more, the invoice shall be issued on the month in which the service, or use or lease of properties is rendered or supplied.

*"receipts" was removed

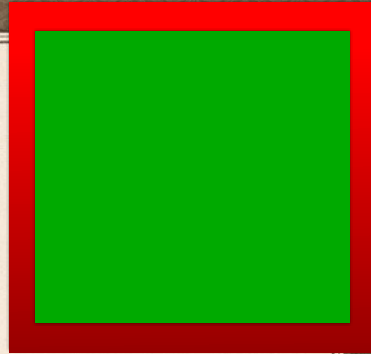
**Removed the provision for deposits and advance payments actually or constructively received for services to be performed.

SEC. 17. Value-Added Tax on Services

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(C) Sales Allowances and Sales Discounts. — The value of services rendered for which allowances were granted by a VAT-registered person may be deducted from the gross sales for the quarter in which a refund is made or a credit memorandum or refund is issued. Sales discount granted and indicated in the invoice at the time of sale and the grant of which does not depend upon the happening of a future event may be excluded from the gross sales within the same quarter it was given.

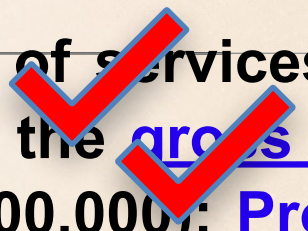
SEC. 18. Exempt Transactions



SEC. 109. Exempt Transactions. — The following transactions shall be exempt from the value-added tax:

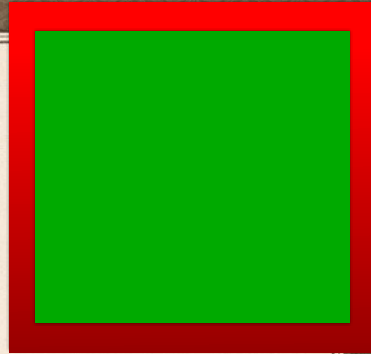
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(CC) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales* do not exceed the amount of Three million pesos (P3,000,000): Provided, That the amount herein stated shall be adjusted its present values using the consumer price index, as published by the Philippine Statistics Authority (PSA) every three (3) years.




***"receipts" was removed.**

SEC. 19. Input Tax Credits



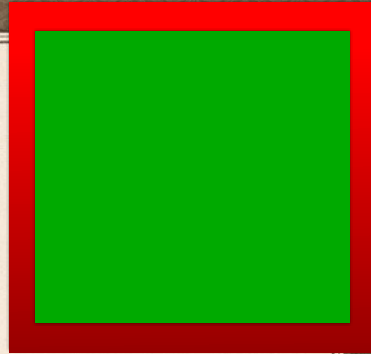
SEC. 110. Tax Credits. -

(A) Creditable Input Tax. —

(1) Any input evidenced by a  VAT invoice* issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:

* "or official receipts" was removed.

SEC. 19. Input Tax Credits



SEC. 110. Tax Credits. -

✓
(b) Purchase of services on which a value-added tax has
accrued.* ✓

* "been actually paid" was removed.

SEC. 19. Input Tax Credits

SEC. 110. Tax Credits. -

2) Output VAT Credit on Uncollected Receivables. A seller of goods or services may deduct the output VAT pertaining to uncollected receivables from its output VAT on the next quarter, after the lapse of the agreed upon period to pay: Provided, That the seller has fully paid the VAT on the transaction: Provided, further, That the VAT component of the uncollected receivables has not been claimed as allowable deduction under Section 34(E) of this Code.

In case of recovery of uncollected receivables, the output VAT pertaining thereto shall be added to the output VAT of the taxpayer during the period of recovery.

SEC. 20. Refund of Input Tax

SEC. 112. Refunds* of Input Tax —

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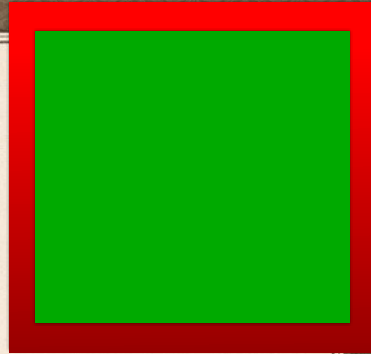
Cancellation of VAT Registration. — A person whose registration has been cancelled due to retirement from or cessation of business, or due to changes in or cessation of status under Section 106(C) of this Code may, within two (2) years from the date of cancellation, apply for the issuance of a tax credit certificate or cash refund for any unused input tax which may be used in payment of his other internal revenue taxes apply for refund for any unused input tax.

* "or Tax Credits" was removed.

SEC. 20. Refund of Input Tax

(C)Period within which the Refund of Input Taxes shall be Made.— In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: Provided, That for this purpose, the VAT refund claims shall be classified into low-, medium-, and high-risk claims, with the risk classification based on amount of VAT refund claim, tax compliance history, frequency of filing VAT refund claims, among others: Provided, further, That medium-and high-risk claims shall be subject to audit or other verification processes in accordance with the Bureau of Internal Revenue's national audit program for the relevant year: Provided, finally, That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the decision within the ninety (90)-day period.

SEC. 20. Refund of Input Tax

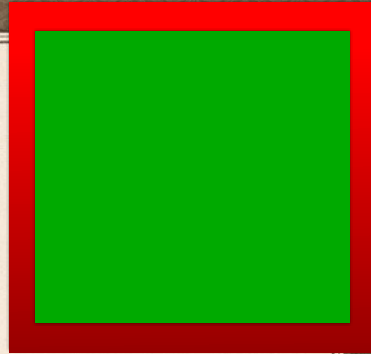


In case of full or partial denial of the claim for tax refund, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the ninety (90)-day period, appeal the decision with the Court of Tax Appeals: Provided, however, That failure on the part of any official, agent, or employee of the Bureau of Internal Revenue to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code.


SEC. 20. Refund of Input Tax

(D) Manner of Giving Refund. — Refunds shall be made upon warrants drawn by the Commissioner or by his duly authorized representative without the necessity of being countersigned by the Chairperson, Commission on Audit, the provisions of the Administrative Code of 1987 to the contrary notwithstanding: Provided, That refunds under this paragraph shall be subject to post audit by the Commission on Audit following the risk-based classification above-described: Provided, further, That in case of disallowance by the Commission on Audit, only the taxpayer shall be liable for the disallowed amount without prejudice to any administrative liability on the part of any employee of the Bureau of Internal Revenue who may be found to be grossly negligent in the grant of refund.

SEC. 21. Invoicing and Accounting Requirements

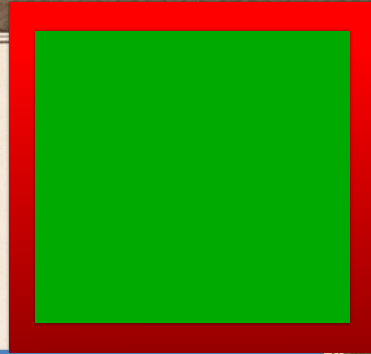


SEC. 113. Invoicing and Accounting Requirements for VAT-Registered Persons.

 (A) Invoicing Requirement. — A VAT-registered person shall issue a VAT invoice* for every sale, barter, exchange, or lease of goods or properties, and for every sale, barter or exchange of services.

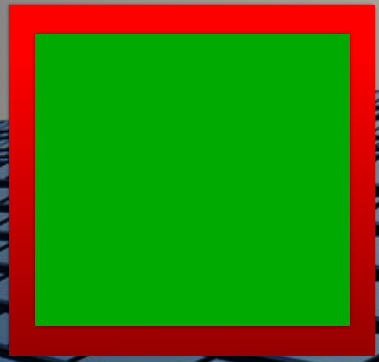
* The official receipt for services was removed.

SEC. 21. Invoicing and Accounting Requirements



(3) If a VAT-registered person issues a VAT-invoice to another VAT-registered person with lacking information required under Subsection (B) hereof, the issuer shall be liable for noncompliance with the invoicing requirement, however, the VAT shall still be allowed to be used as input tax credit on the part of the purchaser pursuant to Section 110 of this Code if the lacking information do not pertain to the amount of sales, amount of VAT, name and Taxpayer Identification Number of both the purchaser and issuer/seller, description of goods or nature of services, and the date of the transaction.

PERCENTAGE TAXES



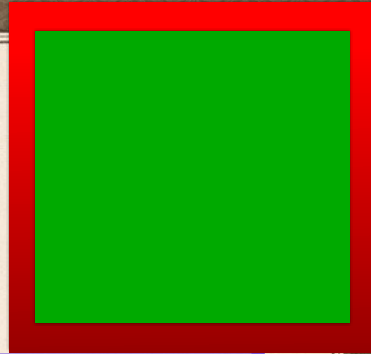
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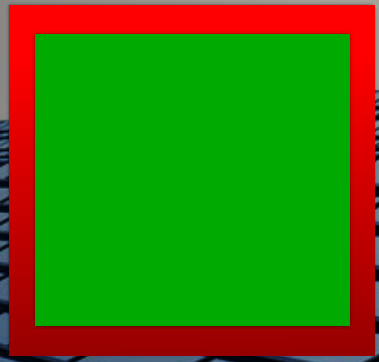


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Percentage Taxes



Section	Original	EOPT
117	Gross Receipts	Gross Sales
118	Gross Receipts	Gross Sales
119	Gross Receipts	Gross Sales
120	Paid	Billed
128	Gross Receipts	Gross Sales



APPLICATION FOR REFUND

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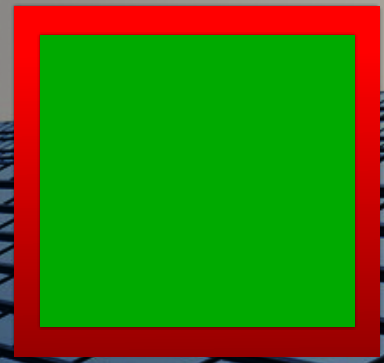


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SEC. 31. Compromise, Abatement and Refund

SEC. 204. Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes. —

Provided, further, That the Commissioner shall process and decide the refund under this provision within one hundred eighty (180) days from date of submission of complete documents in support of the application filed: Provided, furthermore, That should the Commissioner deny, in full or in part, the claim for refund, the Commissioner shall state the legal and/or factual basis for the denial: Provided, finally, That failure on the part of any official, agent, or employee of the Bureau of Internal Revenue to process and decide on the application within the one hundred eighty (180)-day period shall be punishable under Section 269 of this Code.



PRESERVATION OF BOOKS OF ACCOUNTS AND RECORDS

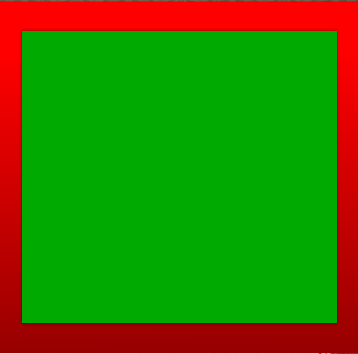

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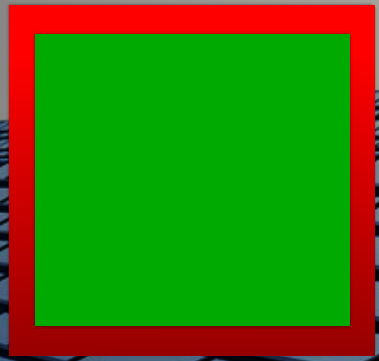
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SEC. 33. Preservation of Books of Accounts



SEC. 235. Preservation of Books of Accounts and Other Accounting Records. — All the books of accounts, including the subsidiary books and other accounting records of corporations, partnerships, or persons, shall be preserved by them for a period of five (5) years reckoned from the day following the deadline in filing a return, or if filed after the deadline, from the date of the filing of the return, for the taxable year when the last entry was made in the books of accounts. The said books and records shall be subject to examination and inspection by internal revenue officers: Provided, That for income tax purposes, such examination and inspection shall be made only once in a taxable year, except in the following cases:

REGISTRATION



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SEC. 34. Registration Requirements

(B) **Annual Registration Fee.** — An annual registration fee in the amount of Five hundred pesos (P500) for every separate or distinct establishment or place of business, including facility types where sales transactions occur, shall be paid upon registration and every year thereafter on or before the last day of January: *Provided, however,* That cooperatives, individuals earning purely compensation income, whether locally or abroad, and overseas workers are not liable to the registration fee herein imposed.

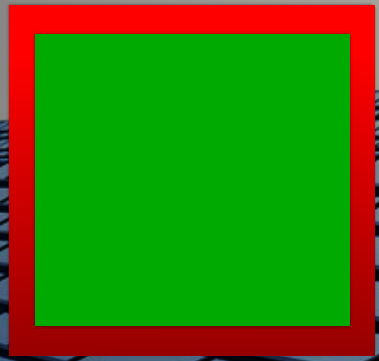
The registration fee shall be paid to an authorized agent bank located within the revenue district, or to the Revenue Collection Officer, or duly authorized Treasurer of the city or municipality where each place of business or branch is registered.*

*Removed

SEC. 34. Registration Requirements

(C) Transfer of Registration. — In case a registered person decides to transfer the place of business or head office or branches, it shall be the person's duty to update the registration status by merely filing, either electronically or manually, an application for registration information update in the form prescribed therefor: Provided, however, That if the transferring registered person is subject of an audit investigation, the Revenue District Office which initiated the audit investigation shall continue the same.

ISSUANCE OF SALES INVOICE



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SEC. 35. Issuance of Invoices

SEC. 237. Issuance of Sales or Commercial Invoices. —

(A) Issuance. — 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 (P500) or more, issue duly registered sale or commercial invoices*, showing the name, Taxpayer Identification Number, date of transaction, quantity, unit cost and description of merchandise or nature of service:

* “receipts” was removed

SEC. 35. Issuance of Invoices

Provided, That the amount herein stated shall be adjusted to its present values every three (3) years using the consumer price index, as published by the Philippine Statistics Authority:  Provided, further, That the seller shall issue sale or commercial invoices when the buyer so requires regardless of the amount of transaction:*

SEC. 35. Issuance of Invoices

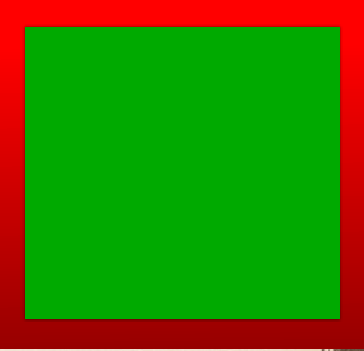
Provided, however, That where the receipt is issued to cover payment made as rentals, commissions, compensation or fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer or client:*

***Removed**

SEC. 35. Issuance of Invoices

Provided, however, That if the sales amount per transaction is below the threshold, the seller will issue one (1) invoice for the aggregate sales amount for such sales at the end of the day: Provided, further, That the aggregate sales amount at the end of the day is at least Five hundred pesos (P500):

SEC. 35. Issuance of Invoices



Provided, finally, That VAT-registered persons shall issue duly registered sale or commercial invoices regardless of the amount of the sale and transfer of merchandise or for services rendered.*

***That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification Number (TIN) of the purchaser. (Removed.)**

SEC. 36. Printing of Sales Invoices

SEC. 238. Printing of Sales* or Commercial Invoices. — All persons who are engaged in business shall secure free of charge from the Bureau of Internal Revenue an authority to print sales* or commercial invoices before a printer can print the same.

* “receipts” was removed

SEC. 36. Printing of Sales Invoices

No authority to print sales* or commercial invoices shall be granted unless the invoices* to be printed are serially numbered and shall show, among other things, the name**, Taxpayer Identification Number and business address of the person or entity to use the same, and such other information that may be required by the rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner.

* “receipts” was removed

** “business style” was removed

SEC. 40. Specific Provisions to be Contained in Rules and Regulations.

(REMOVED)

For purposes of this Section, '*large taxpayer*' means a taxpayer who satisfies any of the following criteria;

- (1) **Value-Added Tax (VAT)** — Business establishment with VAT paid or payable of at least One hundred thousand pesos (P100,000) for any quarter of the preceding taxable year;
- (2) **Excise Tax** — Business establishment with excise tax paid or payable of at least One million pesos (P1,000,000) for the preceding taxable year;
- (3) **Corporate Income Tax** — Business establishment with annual income tax paid or payable of at least One million pesos (P1,000,000) for the preceding taxable year; and
- (4) **Withholding Tax** — Business establishment with withholding tax payment or remittance of at least One million pesos (P1,000,000) for the preceding taxable year.

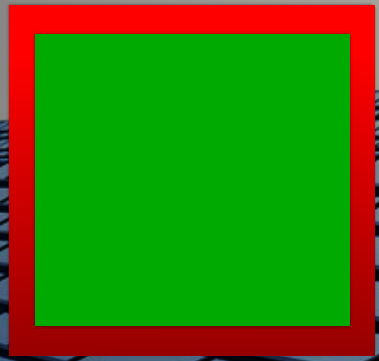
SEC. 40. Specific Provisions to be Contained in Rules and Regulations.

(REMOVED)

Provided, however, That the Secretary of Finance, upon recommendation of the Commissioner, may modify or add to the above criteria for determining a large taxpayer after considering such factors as inflation, volume of business, wage and employment levels, and similar economic factors.

The penalties prescribed under Section 248 of this Code shall be imposed on any violation of the rules and regulations issued by the Secretary of Finance, upon recommendation of the Commissioner, prescribing the place of filing of returns and payments of taxes by large taxpayers.

CIVIL PENALTIES



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SEC. 41. Civil Penalties

SEC. 248. Civil Penalties*. —

(A) There shall be imposed, in addition to the tax required to be paid, a penalty equivalent to twenty-five percent (25%) of the amount due, in the following cases:

- (1) Failure to file any return and pay the tax due thereon as required under the provisions of this Code or rules and regulations on the date prescribed; or
- (2) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment; or
- (3) Failure to pay the full or part of the amount of tax shown on any return required to be filed under the provisions of this 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.

***"3. Unless otherwise authorized by the Commissioner, filing a return with an internal revenue officer other than those with whom the return is required to be filed." was removed.**

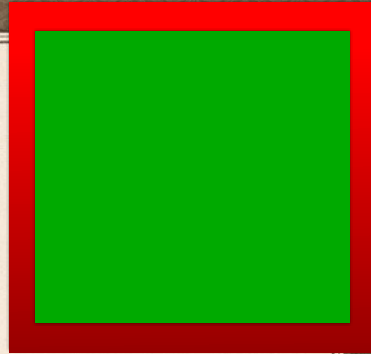
SEC. 45. Special Concessions for Certain Taxpayers

SEC. 45. Special Concessions for Certain Taxpayers. — The following concessions shall be made available to micro and small taxpayers for purposes of this Act:

(a) The Income Tax Return (ITR) required under Section 51 of the NIRC shall consist of a maximum of two (2) pages in paper form or electronic form;

(b) A reduced rate often percent (10%) for civil penalties as provided under Section 248 of the NIRC, as amended;

SEC. 45. Special Concessions for Certain Taxpayers



- (c) A fifty percent (50%) reduction on the interest rate imposed under Section 249 of the NIRC, as amended;
- (d) A reduced fine of Five hundred pesos (P500) as a penalty for failure to file certain information returns as provided under Section 250 of the NIRC, as amended; and
- (e) A reduced compromise penalty rate of at least fifty percent (50%) for violations of Sections 113, 287, and 238 of the NIRC, as amended.

SEC. 48. Transitory Clause

SEC. 48. Transitory Clause. — Taxpayers are hereby given six (6) months from the effectivity of the implementing revenue regulations to comply with the amendments to Title IV on the Value-Added Tax and Title V on the Other Percentage Taxes of the NIRC, as amended.

THANK YOU!

ATTY. ARNOLD A. APDUA, CPA

Email: services@aaacpas.com.ph

Contact No: 02-7586-8909

