

EASE OF PAYING TAXES (REPUBLIC ACT NO. 11976) AND ITS IMPLEMENTING RULES AND REGULATIONS

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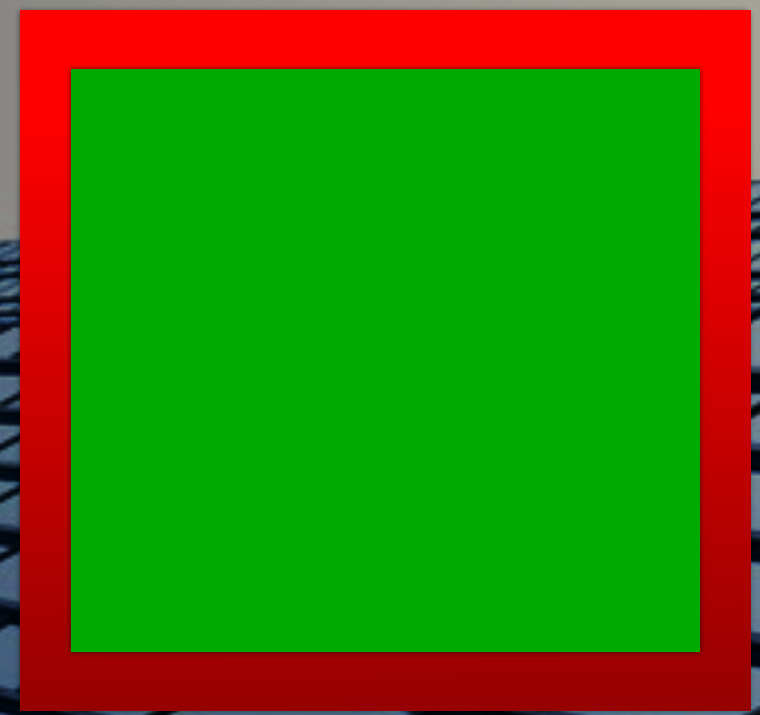
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Atty. Arnold A. Apdua, CPA, recognized as 2023 Outstanding PICPA Member, is an exceptional and sought-after PICPA resource tax speaker, with nineteen (19) years of extensive tax experience. He has lectured to more than thirty thousand (30,000) accountants,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

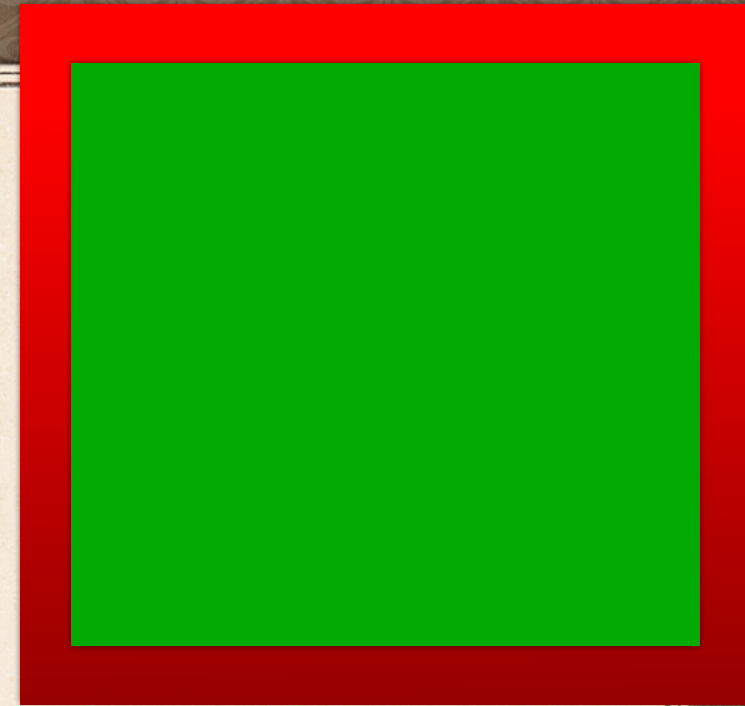
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SEC. 2. Declaration of Policy.


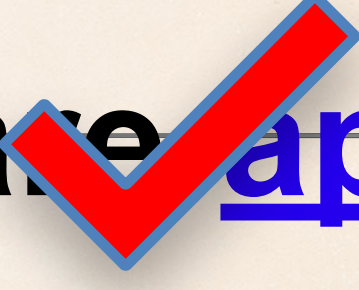


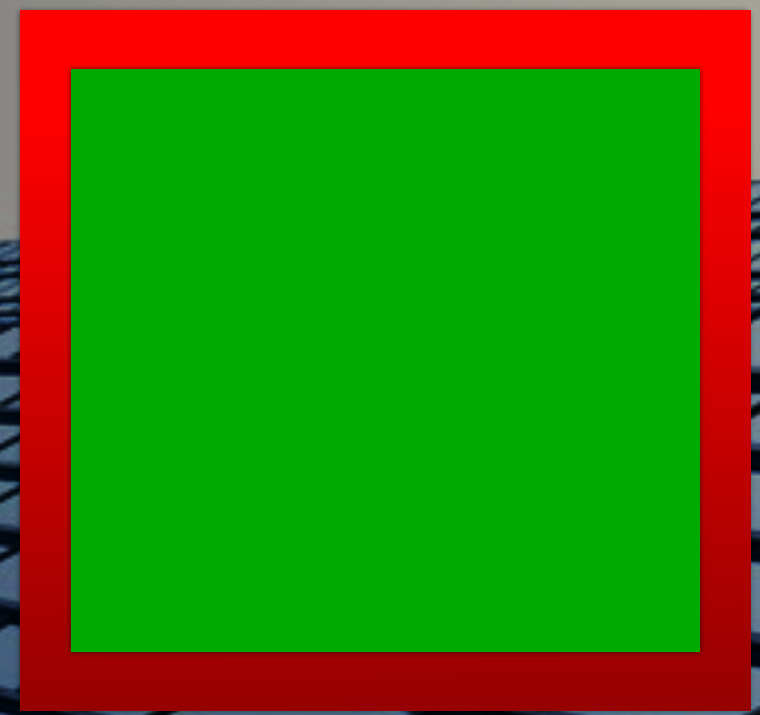
It is hereby declared the policy of the State:

- (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.



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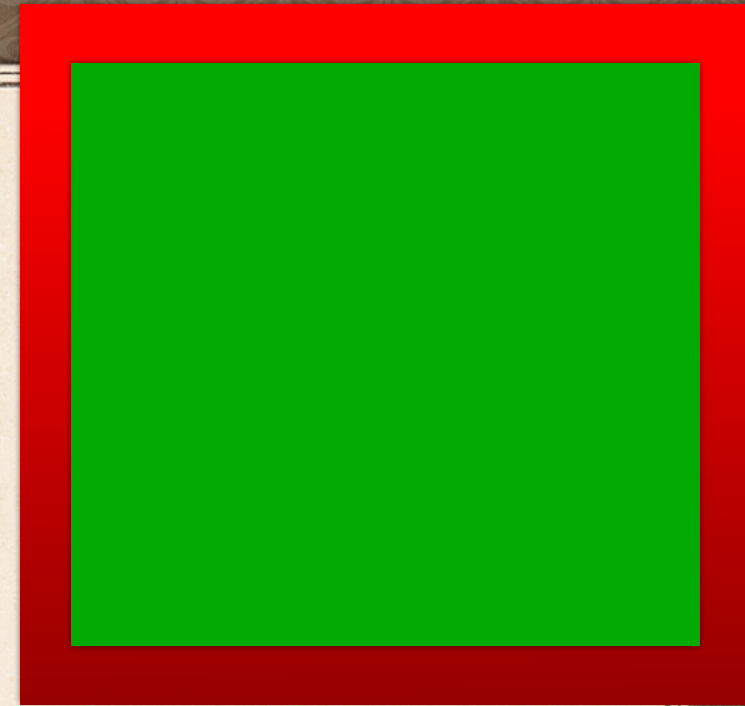
SEC. 4. Definitions.

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.

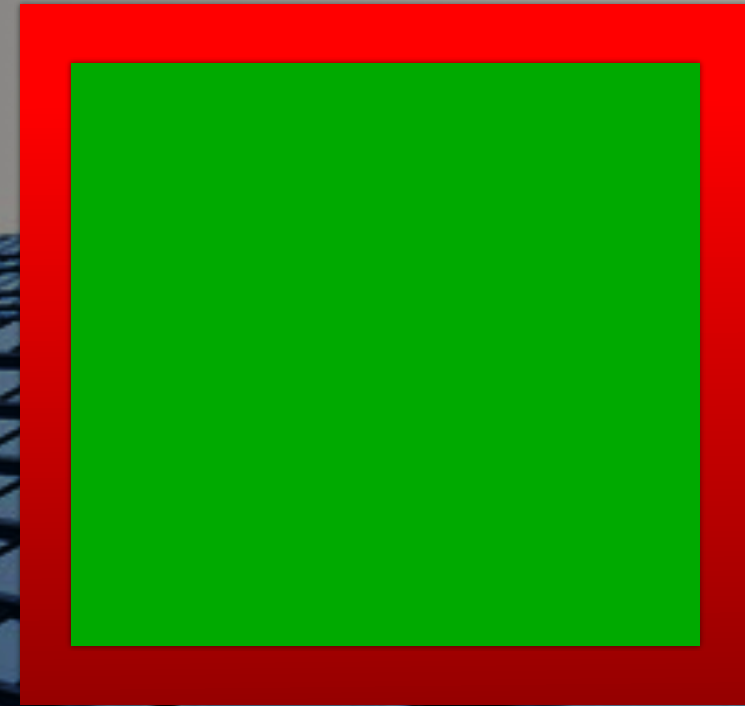
Electronic or Manual Filing, File Anywhere



Tax Types

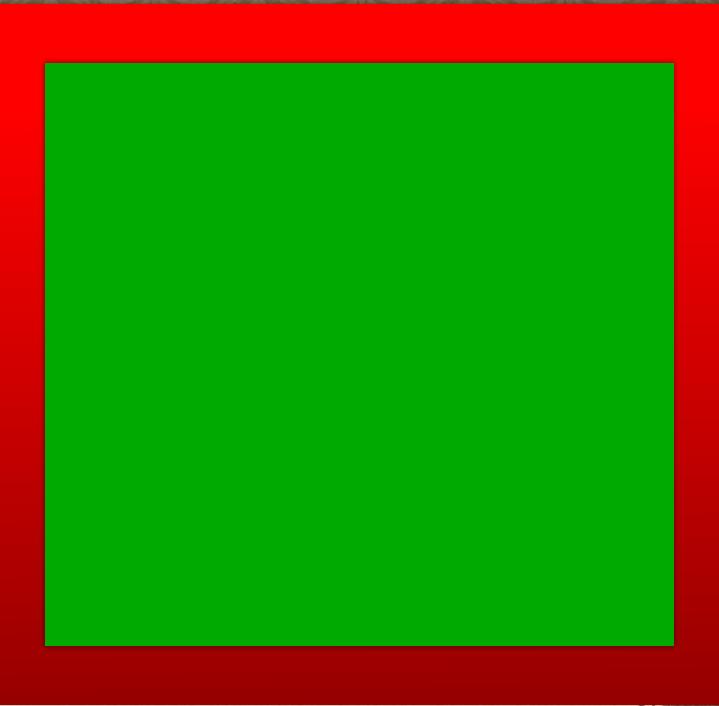

Income Tax	Documentary Stamp Tax
Value-Added Tax	Estate Tax
Percentage Tax	Donor's Tax
Withholding Tax	Excise Tax

Revenue Regulations No. 2-2024



Prescribes the policies and guidelines for the publication of revenue issuances and other information materials of the BIR pursuant to Section 245(i) of the Tax Code, as amended by RA No. 11976 (Ease of Paying Taxes Act)


Revenue Regulations No. 2-2024



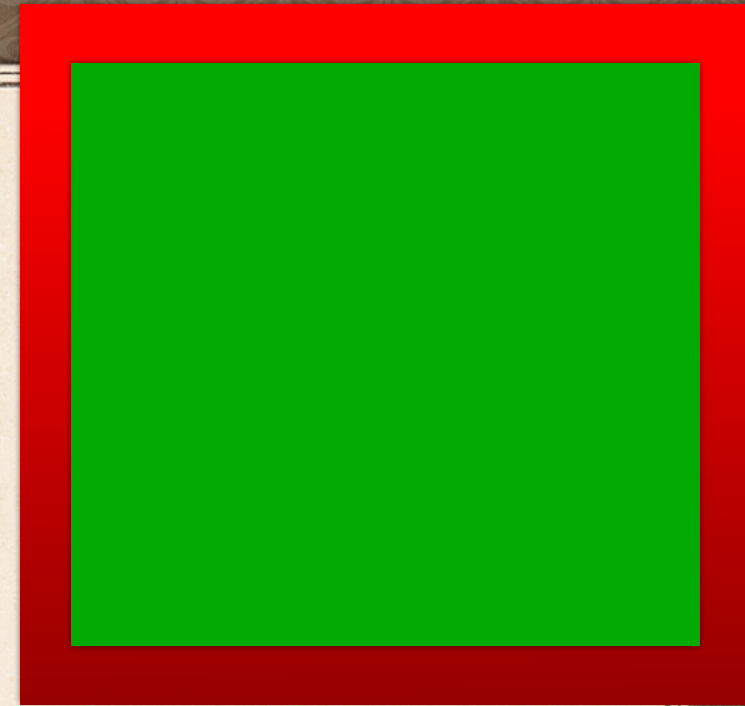
SEC. 245. Specific Provisions to be Contained in Rules and Regulations. — The rules and regulations of the Bureau of Internal revenue shall, among other things, contain provisions specifying, prescribing or defining:

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"(i) The manner in which tax returns, information and reports shall be prepared and reported and the tax collected and paid, as well as the conditions under which evidence of payment shall be furnished the taxpayer, and the preparation and publication of tax statistics, AND PUBLICATION OF INFORMATION REQUIRED TO BE PUBLISHED PURSUANT TO ANY LAWS, RULES, AND REGULATIONS. FOR PURPOSES OF PUBLICATION, THE BUREAU OF INTERNAL REVENUE MAY MAKE USE OF ANY ELECTRONIC MEANS OF PUBLICATION IN THE OFFICIAL GAZETTE, OR ITS OFFICIAL WEBSITE;



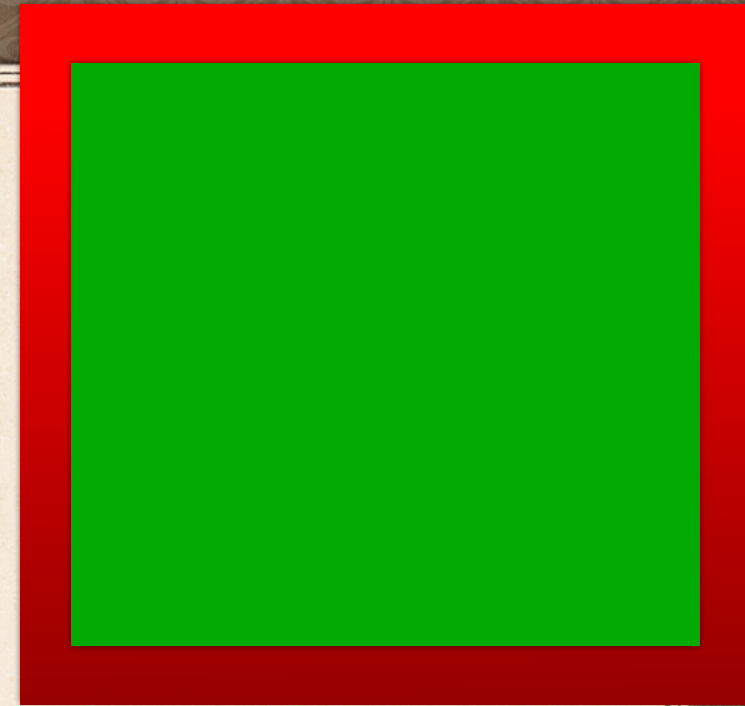
Revenue Regulations No. 2-2024



✓ The BIR revenue issuances and other information materials subject of the Regulations refer to the following:

- ✓ a. Revenue Regulations;
- ✓ b. Revenue Memorandum Circulars;
- ✓ c. Revenue Memorandum Orders;
- ✓ d. Other revenue issuances;
- ✓ e. Classification of taxpayers including, but not limited to, Top Withholding Agents;

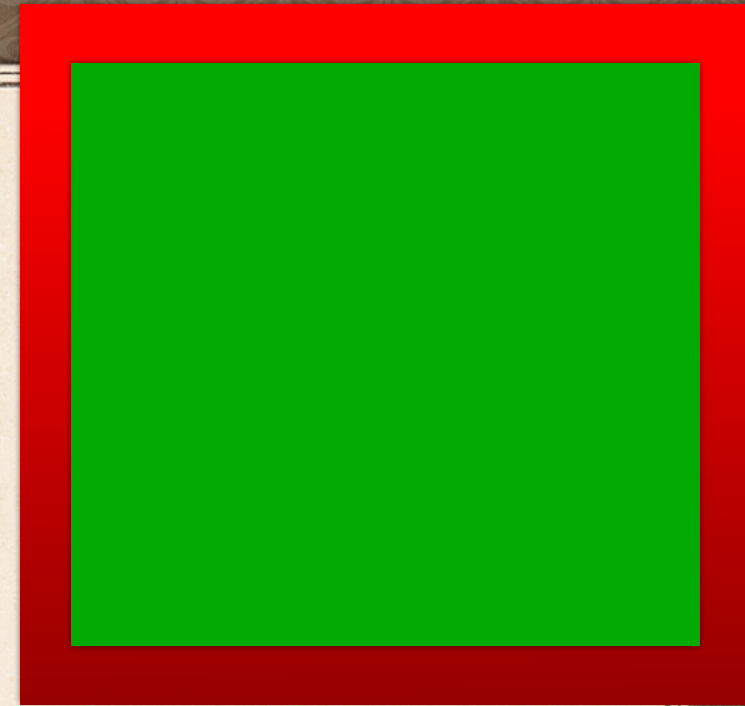
Revenue Regulations No. 2-2024







- ✓ f. Cannot be located (CBL) taxpayers;
- ✓ g. Revised Schedules of Zonal Values;
- ✓ h. List of seized, foreclosed and acquired properties for sale;
- ✓ i. Notice of sale of seized, foreclosed and acquired properties;
- ✓ j. Information materials such as, but not limited to, press releases, announcements/advisories and flyers; and
- ✓ k. Other similar documents or materials that require publication.

(collectively, the BIR Issuances)

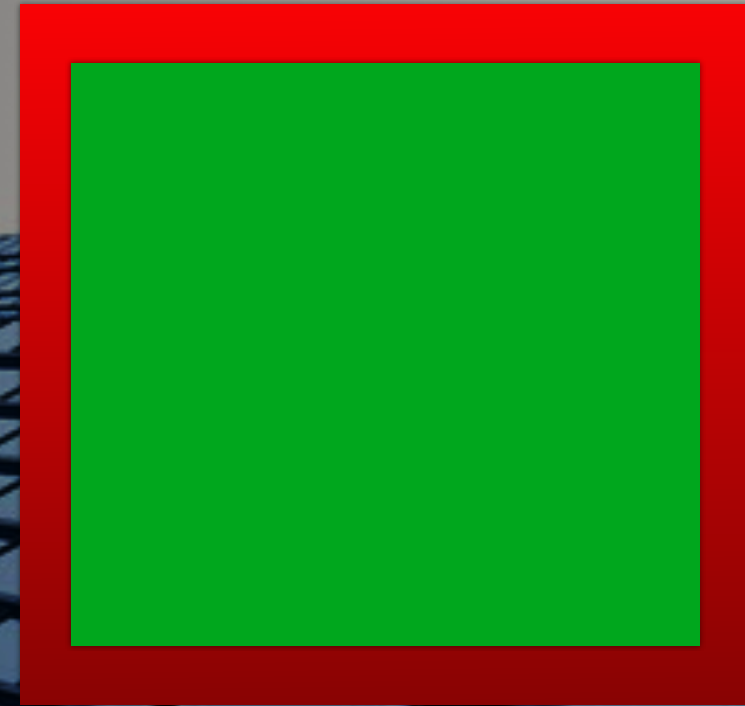
Revenue Regulations No. 2-2024



In line with the objective of modernization of tax administration and continuous enhancement of operational efficiency and effectiveness, the BIR may publish (electronically, or otherwise) the  BIR Issuances to implement and/or clarify relevant tax laws, rules and regulations, through the following means:

-  a. BIR's official website;
-  b. Official Gazette; or
-  c. Newspaper of general circulation.

Revenue Regulations No. 3-2024



Implementing the Value-Added Tax (VAT) and Percentage Tax Provisions under the Republic Act (RA) No. 11976 or the “Ease of Paying Taxes (EOPT) Act”

Revenue Regulations No. 3-2024

➤ **SECTION 1. Amendments** – The following words, phrases, or actions shall now be uniformly applied to the provisions affected under Revenue Regulations (RR) No. 16-2005 and its subsequent amendments:

✓ **Gross Sales.** – The EOPT ~~Adopts~~ adopts the accrual basis of recognizing sales for both 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). Hence, all references to “gross selling price”, “gross value in money”, and “gross receipts” shall now be referred to as the “GROSS SALES”, regardless of whether the sale is for goods under Section 106, or for services under Section 108, of the Tax Code.

Revenue Regulations No. 3-2024



2. Invoice – Inasmuch as there is a shift from cash basis to accrual basis for sale of service, the EOPT Act mandates a single document for both sales of goods and services. Hence, all references to Sales/Commercial Invoices or Official Receipts shall now be referred to as “INVOICE”.

Revenue Regulations No. 3-2024

3. Billings for sales of service on account. – With the shift from cash basis to accrual basis for sale of service, all references to receipts or payments which was previously the basis for the recognition of sales of service under Title IV (Value-Added Tax) and Title V (Percentage Tax) of the Tax Code, shall now be referred to as “BILLING” or “BILLED”, whichever is applicable.

Revenue Regulations No. 3-2024

4. VAT-exempt threshold. – The EOPT Act re-introduces the regular updating of the VAT-exempt threshold every three (3) years pursuant to Section 109(CC), in relation to Section 116 of the Tax Code. Hence, all provisions mentioning the VAT-exempt threshold of three million pesos (P3,000,000.00) shall now be read as the amount of VAT threshold herein stated shall be adjusted to its present value every three years using the Consumer Price Index (CPI), as published by the Philippine Statistics Authority (PSA)”.

Revenue Regulations No. 3-2024



✓ Filing and payment. – ✓ The filing of tax return shall be done electronically in any of the available electronic platforms.
However, ✓ in case of unavailability of the electronic platforms,
manual filing of tax returns shall be allowed. ✓ For tax payment with
corresponding due dates, the same shall be
✓ made electronically in any of the available electronic platforms
or manually to any AABs and RCOs.

Revenue Regulations No. 3-2024

✓ **SECTION 2. Specific Amendments to Sale or Exchange of Service Under Section 108 of the Tax Code** – Sections 4.108-1, 4.108-4, and 4.108-6 of RR No. 16-2005, as amended, shall now be read as follows:

✓ **“SEC. 4.108-1. VAT on the Sale of Services and Use or Lease of Properties. –**
Sale or exchange of services, as well as the use or lease of properties, as defined in Section 108(A) of the Tax Code **shall be subject to VAT, equivalent to twelve percent (12%) of the gross sales (excluding VAT).”**

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Revenue Regulations No. 3-2024

✓ **SEC. 4.108-4. Definition of Gross Sales.** – **“Gross sales’** refers to 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 period** 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 VAT 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:


Revenue Regulations No. 3-2024

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.


Revenue Regulations No. 3-2024




“SEC. 4.108-6. Allowable Deductions from Gross Selling Price. – In computing the taxable base during the quarter, the following shall be **allowed as deductions from gross sales:**



(a) The **value of services rendered for which allowances were granted** by a VAT-registered person during the quarter in which a **refund is made or a credit memorandum of refund is issued.**



(b) **Sales discount indicated in the invoice at the time of sale,** the grant of which is **not dependent upon the happening of a future event,** may be excluded from the gross sales within the same quarter it was given.”



Revenue Regulations No. 3-2024

➤ **SECTION 3. Specific Amendments to VAT-Exempt Transactions** – Section 4.109(B)(cc) of RR No. 16-2005, as amended, shall now be read as follows:

✓ **“SEC. 4.109. VAT-Exempt Transactions. –**

~~xxx~~ ~~xxx~~ ~~xxx~~

(B) Exempt transactions. – The following transactions shall be exempt from VAT:

~~xxx~~ ~~xxx~~ ~~xxx~~

✓ (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 (P3,000,000.00)**; provided, that the amount herein stated shall be **adjusted to its present values using the CPI, as published by the PSA every three (3) years.**

Revenue Regulations No. 3-2024

Self-employed individuals and professionals availing of the 8% tax on gross sales and other non-operating income, under Sections 24(A)(2)(b) and 24(A)(2)(c)(2)(a) of the Tax Code shall also be exempt from the payment of twelve (12%) VAT.

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Revenue Regulations No. 3-2024

➤ SECTION 4. Specific Amendments to Tax Credits – Section 4.110-9 is hereby added for the output VAT credit on uncollected receivables, to wit:

✓ “SEC 4.110-1. Credits for Input Tax. – **xxx xxx xxx**

✓ SEC. 4.110-9. 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 the Tax Code.

Revenue Regulations No. 3-2024



✓ 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.

Revenue Regulations No. 3-2024



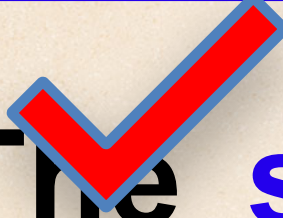



To be entitled to VAT credit, the following requisites must be present:

1. The sale or exchange has taken place after the effectivity of these Regulations;
2. The sale is on credit or on account;
3. 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;
4. The VAT is separately shown on the invoice;

Revenue Regulations No. 3-2024



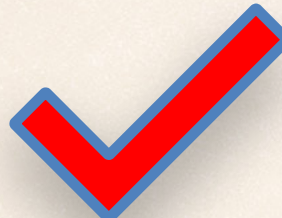
5. The  sale is specifically reported in the Summary List of Sales covering the period when the sale was made and  not reported as part of “various” sales;
6. The  seller declared in the tax return the corresponding output VAT indicated in the invoice within the period prescribed under existing rules;
7. The  period agreed upon, whether extended or not, has elapsed; and

Revenue Regulations No. 3-2024

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

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.”

Revenue Regulations No. 3-2024

These rules  do not amend the conditions on the deductibility of bad debts expenses in the income tax returns as provided in RR No. 25-02.

Revenue Regulations No. 3-2024

➤ **SECTION 5. Specific Amendments to Claims for Refund/Tax Credit Certificate of Input Tax** – The entire Section 4.112-1 is hereby amended to read as follows:

“SEC. 4.112-1. *Claims for Refund/Tax Credit Certificate of Input Tax.* --

(a) Zero-rated and Effectively Zero-rated Sales of Goods, Properties or Services

A VAT-registered person whose sales of goods, properties or services are zero-rated or effectively zero-rated may apply for the issuance of a tax refund of input tax attributable to such sales. The input tax that may be subject of the claim shall exclude the portion of input tax that has been applied against the output tax. The application should be filed within two (2) years after the close of the taxable quarter when such sales were made.

Revenue Regulations No. 3-2024



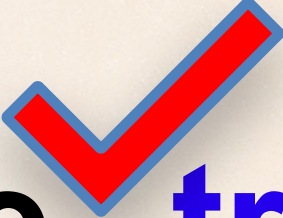

In case of zero-rated sales under Secs. 106(A)(2)(a)(1) and (3), Secs. 108(B)(1) and (2) of the Tax Code, the payments for the sales must have been made in acceptable foreign currency duly accounted for in accordance with the BSP rules and regulations.

Revenue Regulations No. 3-2024

Where the taxpayer is engaged in both zero-rated or effectively zero-rated sales and in taxable (including sales subject to final withholding VAT) or exempt sales of goods, properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, only the proportionate share of input taxes allocated to zero-rated or effectively zero-rated sales can be claimed for refund or issuance of a tax credit certificate.

Revenue Regulations No. 3-2024



In the case of a person engaged in the  transport of passenger and cargo by air or sea vessels from the Philippines to a foreign country, the input taxes shall be  allocated ratably between his zero-rated sales and non-zero-rated sales (sales subject to regular rate, subject to final VAT withholding and VAT-exempt sales).

Revenue Regulations No. 3-2024

(a) Cancellation of VAT registration

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 Sec. 106(C) of the Tax Code may, within two (2) years from the date of cancellation, apply for the issuance of tax credit certificate or cash refund for any unused input tax which he may use in payment of his other internal revenue taxes or apply for refund for any unused input tax. Provided, however, that the taxpayer-claimant shall be entitled to a refund if it has no internal revenue tax liabilities against which the tax credit certificate may be utilized: Provided further, that for purposes of dissolution or cessation of business, the date of cancellation being referred hereto is the date of the issuance of BIR Tax Clearance.

Revenue Regulations No. 3-2024

(c) Where to file the claim for refund/credit





Claims for tax credits/refunds shall be filed with the appropriate BIR Office that will be designated by the Commissioner of Internal Revenue for this purpose.

(d) Period within which refund/credit of input taxes shall be made

In proper cases, the Commissioner of Internal Revenue shall grant refund for creditable input taxes within ninety (90) days from the date of submission of the invoices and other documents in support of the application filed in accordance with subsections (a) and (b) hereof: *Provided 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 denial.

Revenue Regulations No. 3-2024



 The 90-day period to process and decide shall start from the filing of the claim up to the release of the payment of the VAT refund: *Provided that*, the claim/application is  considered to have been filed only upon submission of the invoices and other documents in support of the application as prescribed under pertinent revenue issuances.

Revenue Regulations No. 3-2024

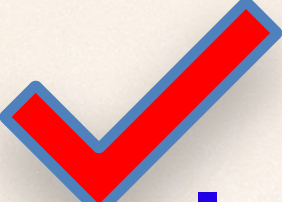

In case or full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals (CTA); or in case the VAT refund is not acted upon by the Commissioner within the period prescribed above, the taxpayer affected may, (1) appeal to the CTA within the 30-day period after the expiration of the 90 days required by law to process the claim or (2) forego the judicial remedy and await the final decision of the Commissioner on the application of VAT refund claim:

Revenue Regulations No. 3-2024

Provided that, failure on the part of any official, agent or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269(J) of the Tax Code: Provided further that, in the event that the 90-day period has lapsed without having the refund released to the taxpayer-claimant, the VAT refund claim may still continue to be processed administratively. However, the BIR official, agent or employee who has found to have deliberately caused the delay in the processing of the VAT refund claim may be subjected to penalties imposed under said Section.



Revenue Regulations No. 3-2024

(e) Risk-based approach in the verification and processing of VAT refund claims

 VAT refund claims shall be classified into low-, medium-, and high-risk,
 with the risk classification based on the amount of VAT refund claim,
tax compliance history frequency of filing vat refund claims, among
others: *Provided, that* medium- and high-risk claims shall be subject to
audit or other verification processes in accordance with the BIR's
national audit program for the relevant year.

Revenue Regulations No. 3-2024


(f) Manner of giving refund

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

Revenue Regulations No. 3-2024




(g) Automatic Appropriation

An amount equivalent to  five percent (5%) of the total VAT collection of the BIR and the BOC from the immediately preceding year shall be automatically appropriated annually and shall be treated as a special account in the general fund or as trust receipts for the purpose of funding claims for VAT refund: *Provided that*, any unused fund, at the end of the year shall revert to the general fund.

Revenue Regulations No. 3-2024



(h) Quarterly Report

The BIR and BOC shall be required to submit to the Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRP)  a quarterly report of all pending claims for refund and any unused fund.”

Revenue Regulations No. 3-2024

➤ SECTION 7. Transitory Provisions –

✓ (a) Billed but uncollected sale of services. — These Regulations shall apply to sale of services that transpired upon its effectivity. Hence, for outstanding receivables on services on account that are rendered prior to the effectivity of these Regulations, the corresponding output VAT shall be declared once it has been collected. In case of collection, the sales and corresponding output VAT therefrom shall be declared in the quarterly VAT return when the collection was made and shall be supported with an Invoice following the transitory provisions contained in the RR intended for invoicing requirements to implement the EOPT Act or the new BIR-approved set of Invoices, whichever is applicable. ✓

Revenue Regulations No. 3-2024

✓ (b) Uncollected receivables from sale of goods as of the effectivity of these Regulations – For purposes of Section 4.110-9 of these Regulations, ✓ claim of output tax credit on uncollected receivables shall only apply to transactions that transpired upon the effectivity of these Regulations. ✓ No output tax credit shall be allowed for outstanding receivables from ✓ sale of goods on account prior to the effectivity of these Regulations.

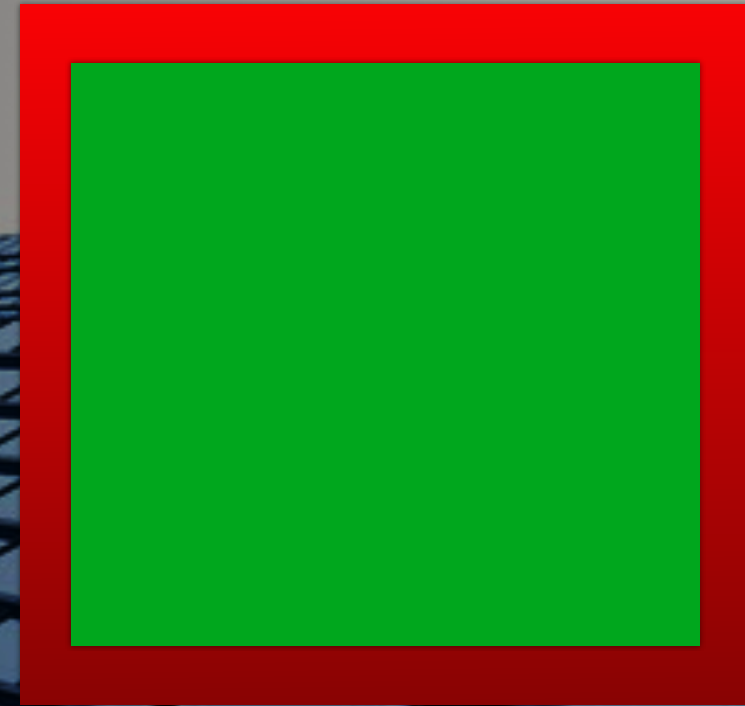
Revenue Regulations No. 3-2024



Section 8. Administrative Provision –

SECTION 8. Administrative Provision. — Separate RR shall govern the provisions of the EOPT Act covering Sections 113, 235, 236, 237, 238, 242 and 243 of the Tax Code particularly invoicing requirements, bookkeeping and accounting requirements, registration, filing, and payment including period to be given to the taxpayers to reconfigure machines and systems adjustments as a result of the shift from cash to accrual basis pursuant to the EOPT Act.

Revenue Regulations No. 5-2024



Implementing Sections 76 (C), 112 (C), 112 (D), 204 (C), 229, and 269 (J) of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 11976, Otherwise Known as the "Ease of Paying Taxes Act," on Tax Refunds

Revenue Regulations No. 5-2024






SECTION 2. Coverage. — To provide ample time for the taxpayers and the BIR to adjust to the new requirements and procedures to be prescribed pursuant to the amendments introduced by the EOT, these Regulations shall cover tax credit/refund claims that are filed starting 01 July 2024 onwards.

(A) Section 112 (C) of the Tax Code that introduced the risk-based approach to verification of VAT refund claims;

(B) 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);

Revenue Regulations No. 5-2024

(C) 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);

(D) 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 112 of the Tax Code; and

Revenue Regulations No. 5-2024

(E) Section 229 of the Tax Code that outlined the policies for judicial claims and repealed the supervening clause provision thereof.

These Regulations do not cover processing of tax refund/credit claims pursuant to the final and executory judgement by the courts.

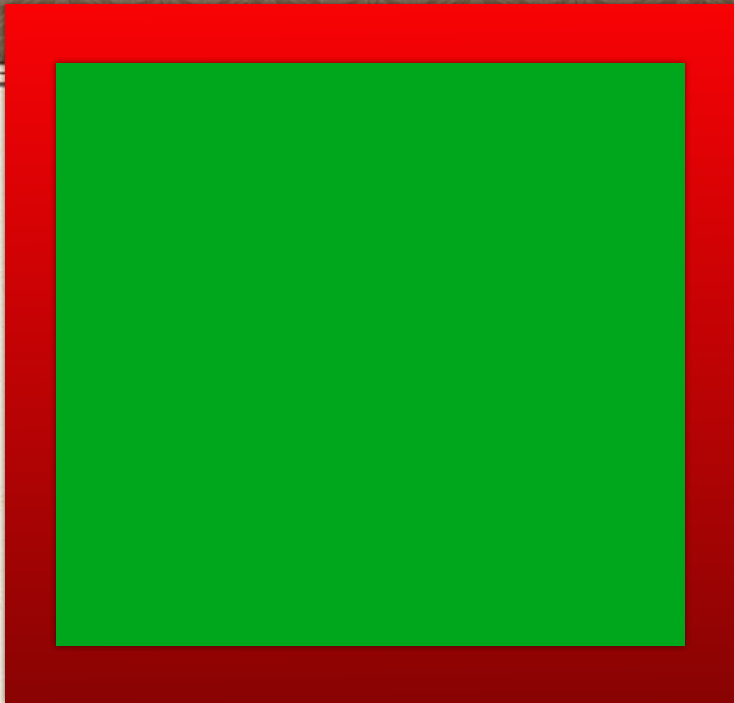
Revenue Regulations No. 5-2024



SECTION 3. Risk-based Approach to Verification of VAT Refund Claims - The EOPT Act introduced the risk-based approach to verification and processing of VAT refund claims under Section 112(C) of the Tax Code including the recourse of the taxpayer in case the ninety (90)-day processing period expires and the BIR has not yet rendered its decision on the claim. The following rules shall be followed:

A. VAT refund claims filed pursuant to Section 112(A) of the Tax Code shall be classified into low-, medium-, and high-risk claims. *Provided, that, medium- and high-risk claims shall be subject to audit or other verification processes* in accordance with the BIR's national audit program for the relevant year or with the current policies and procedures applicable to the year of application of the VAT refund.

Revenue Regulations No. 5-2024



B. The scope of verification may be reduced 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% total invoices/receipts issued including inward remittance and proof of VAT zero-rating	At least 50% of the total amount of purchases <u>and</u> 50% of suppliers with priority on “Big- Ticket” Purchases
High	Yes	100%	100%

*Note: * - Based on initial checking of the documents submitted during check-listing procedures only. This does not include thorough verification of the supporting documents for sales and purchases.*

Revenue Regulations No. 5-2024



The following are the limitations to the above matrix:

1. 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.
2. In case of full denial of a claim, the succeeding claim filed shall be classified as high-risk.
3. For medium-risk claims, verification shall be adjusted to 100% if the assigned Revenue Officer found at least 30% disallowance of the amount of VAT refund claim.

Revenue Regulations No. 5-2024

4. 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 (4th) VAT refund claim regardless of the risk classification.

5. 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.

Revenue Regulations No. 5-2024

6. For taxpayer-claimants filing on a quarterly basis, the risk classification shall be made for every filing.

7. Other limitations that may be identified by the Commissioner of Internal Revenue through revenue issuances.


Revenue Regulations No. 5-2024


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


- C1. Amount of VAT refund claim;
- C2. Frequency of filing VAT refund claims;
- C3. Tax compliance history; and
- C4. 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.

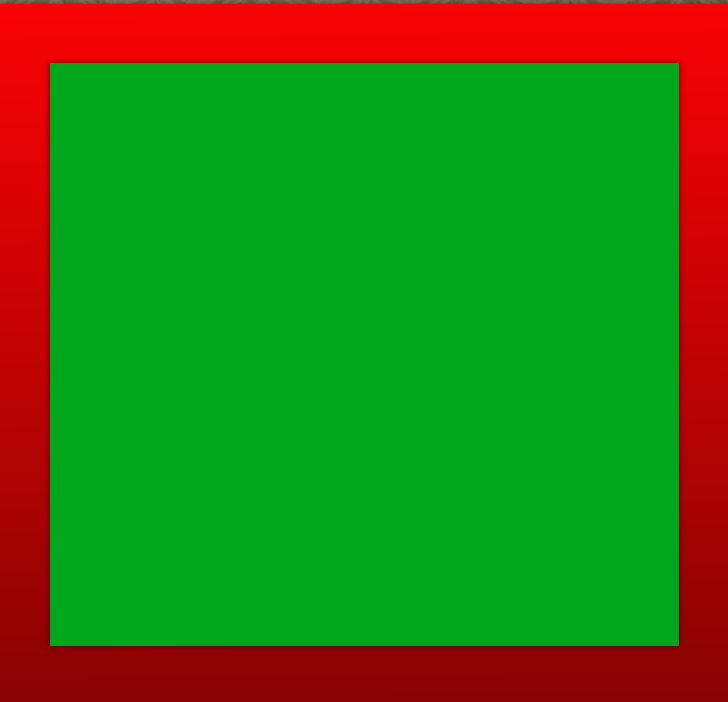
Revenue Regulations No. 5-2024


 D. The verification and processing of VAT refund claims shall be separate from the regular audit, if any, of internal revenue taxes particularly VAT conducted by the appropriate BIR office that has jurisdiction over the taxpayer-claimant. Any findings during the verification of VAT refund claim that has no effect to the amount to be refunded shall be:

 1. Endorsed for further verification and/or consolidation with the existing audit if the processing is conducted by an Office other than the BIR office that has jurisdiction over the claimant; or

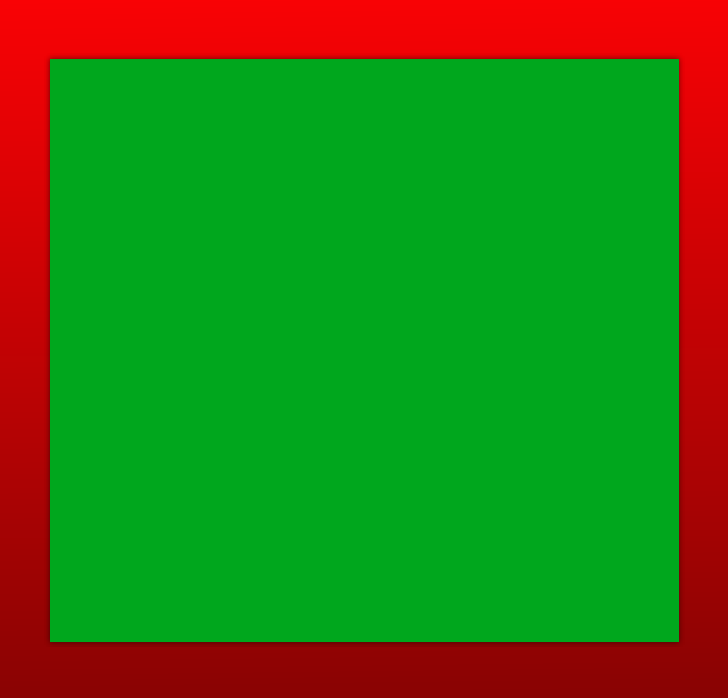
 2. Incorporate to the existing audit for the taxable year covered by the claim if processed within the same BIR office that has jurisdiction over the claimant.

Revenue Regulations No. 5-2024



 **E. All documentary requirements mandated by the BIR for purposes of VAT refund under Section 112 of the Tax Code shall be submitted by the taxpayer regardless of the identified risk level. These documents will be subject to post-audit by COA should this result in approval thereof, as contemplated under Section 112(D) of the Tax Code.**

Revenue Regulations No. 5-2024




F. Evaluator/s of the VAT refund claim shall include to their respective working papers the matrix on how the risk level of the taxpayer-claimant was arrived at, including justifications and documentations, if any;

H. The processing offices shall furnish DOF, the BIR Management and COA a monthly report on the VAT refund claims processed to include the risk level identified for each taxpayer claimant.

Revenue Regulations No. 5-2024



 H. BIR may utilize sales and/or purchases data available in the Electronic Invoicing/Receipting and Sales Transmission System (EIS) pursuant to Revenue Regulations (RR) Nos. 8-2022 and 9-2022, if applicable.

 J. The 90-day period to process and decide shall start from the filing of the claim/application for VAT refund with complete documentary requirements up to the release of the payment thereof. *Provided, that, the application is considered to have been filed only upon submission of the invoices or receipts, whichever is applicable, and other documents* in support of the application as prescribed under pertinent revenue issuances.

Revenue Regulations No. 5-2024

J. In case of full or partial denial of the claim for VAT refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals (CTA).

Revenue Regulations No. 5-2024

K. In case the VAT refund is not acted upon by the Commissioner within the 90-day period, the taxpayer-claimant may opt to:

1. Appeal to the CTA within the 30-day period after the expiration of the 90 days required by law to process the claim; or

2. 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 90-day period and the taxpayer-claimant opted to seek for a judicial remedy within 30-days from such period, the administrative claim for refund shall be considered moot and shall no longer be processed.

Revenue Regulations No. 5-2024

L. The BIR official, agent or employee who was found to have deliberately caused the delay in the processing of the VAT refund claim may be subjected to penalties imposed under Section 269(J) of the Tax Code.

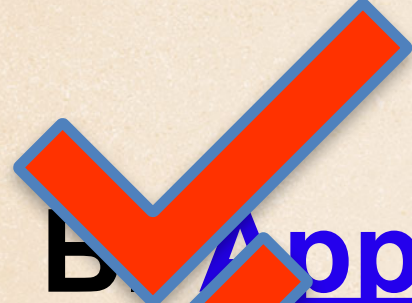
Revenue Regulations No. 5-2024


SECTION 4. Liability of the Taxpayer-claimants and BIR Officials/ Employees in Case of COA Disallowances.


**A. Refund shall be made upon warrants drawn by the
Commissioner of Internal Revenue or by his duly authorized
representative without the necessity of being countersigned
by the COA Chairman, the provisions of the Revised
Administrative Code to the contrary notwithstanding.**

Revenue Regulations No. 5-2024

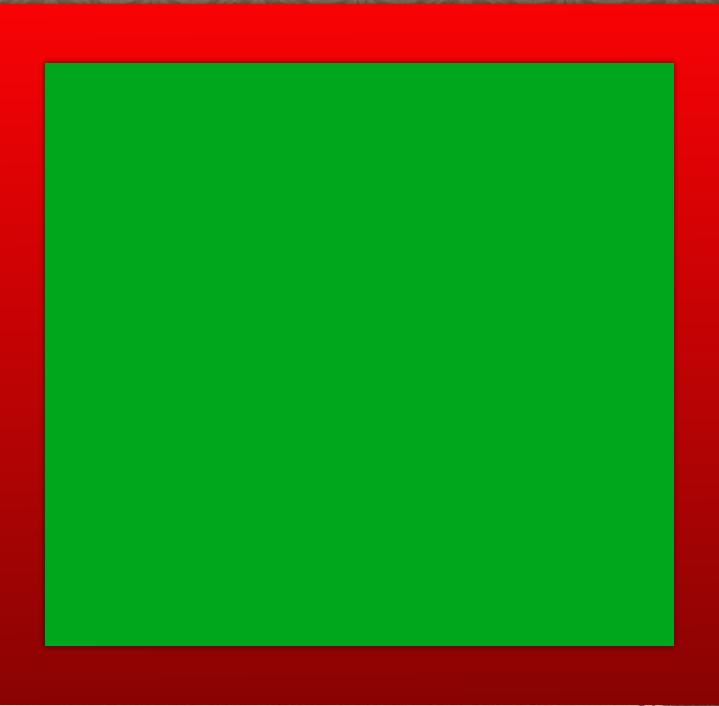



 **B. Approved VAT refunds under Section 112 of the Tax Code shall be subject to post audit by the COA following the risk-based classification above-described.**


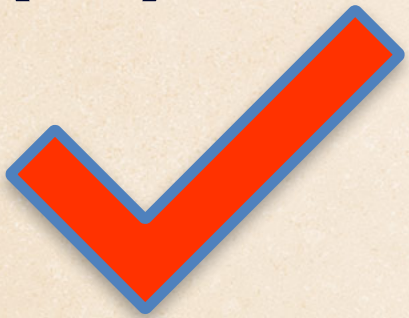
 **C. In case of disallowance by the COA, only the taxpayer shall be liable for the disallowed amount without prejudice to any administrative liability on the part of any employee of the BIR who may be found to be grossly negligent in the grant of the refund.**

 **D. Procedures for the recovery of the disallowed amount will be in accordance with the existing COA procedures or guidelines that may be prescribed by COA for this purpose.**

Revenue Regulations No. 5-2024



SECTION 5. Credit/Refund of Unutilized Excess Income Tax Credit under Section 76 (C). — In order to properly implement Section 76 (C) of the Tax Code, the following rules shall apply:



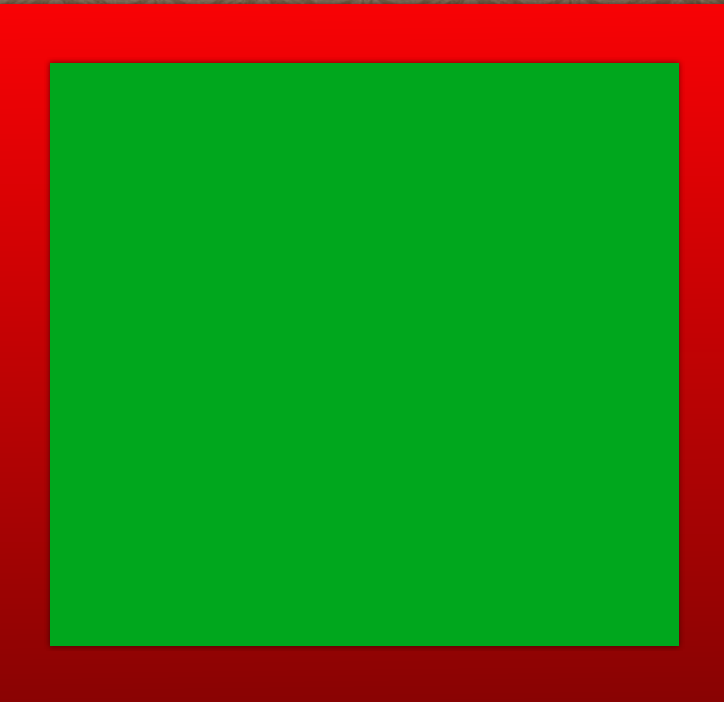
(A) Regular Claims. — This applies to claims for income tax credit/refund of taxpayers of "going-concern" status who have chosen the option to apply for tax credit or refund the excess income tax in their AITRs.

Revenue Regulations No. 5-2024



1. Pursuant to Section 58 (E) of the Tax Code that was amended under Section 9 of the EOPT Act, income upon which any creditable tax is required to be withheld at source under Section 57 of the Tax Code shall be included in the AITR of its recipient but the excess of the amount of tax so withheld over the tax due on the AITR shall be refunded subject to the provisions of Section 204 of the Tax Code.

Revenue Regulations No. 5-2024



2. In case the taxpayer is entitled to a tax credit or refund of the excess income taxes paid during the year, the excess amount shown on its final adjustment return may be carried over and credited against the estimated quarterly income tax liabilities for the taxable quarters of the succeeding taxable years. Once the option to carry-over and apply the said excess income taxes paid against the income tax due for the taxable quarters of the succeeding taxable years has been made, such option shall be considered irrevocable for that taxable period and no application for cash refund or issuance of a tax credit certificate (TCC) shall be allowed therefor.

Revenue Regulations No. 5-2024

3. In case the taxpayer chose the option to be issued TCC or refund but carried forward the said amount sought to be refunded/ issued TCC in the AITR filed for the succeeding year, this shall be a ground for denial of the claim for tax credit or refund. However, the carried over amount may be allowed as credit against future income tax liabilities of the taxpayer-claimant.

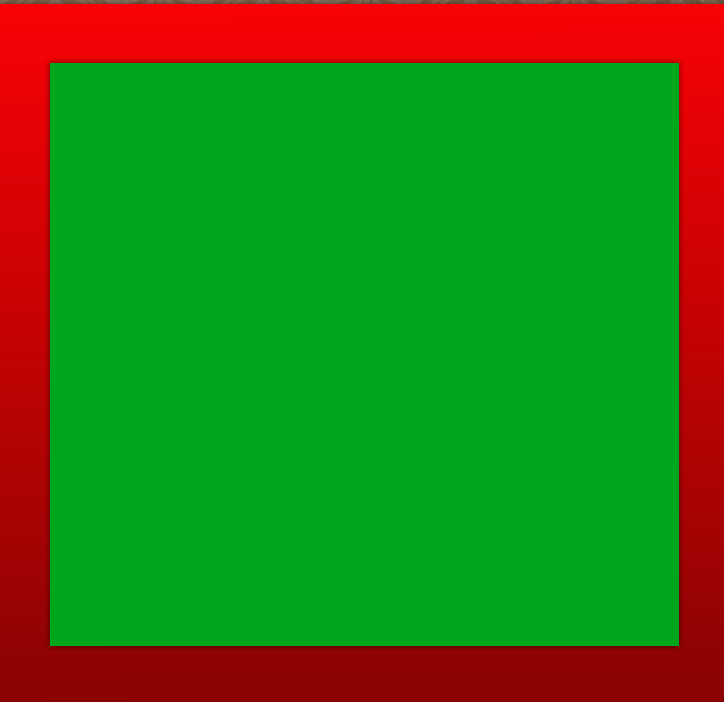
Revenue Regulations No. 5-2024

✓ 4. Requisites in claiming tax credit or refund of unutilized excess income tax:

a. The filing of claim for TCC/refund must ✓ be made within two (2) years from the date of filing of the AITR.

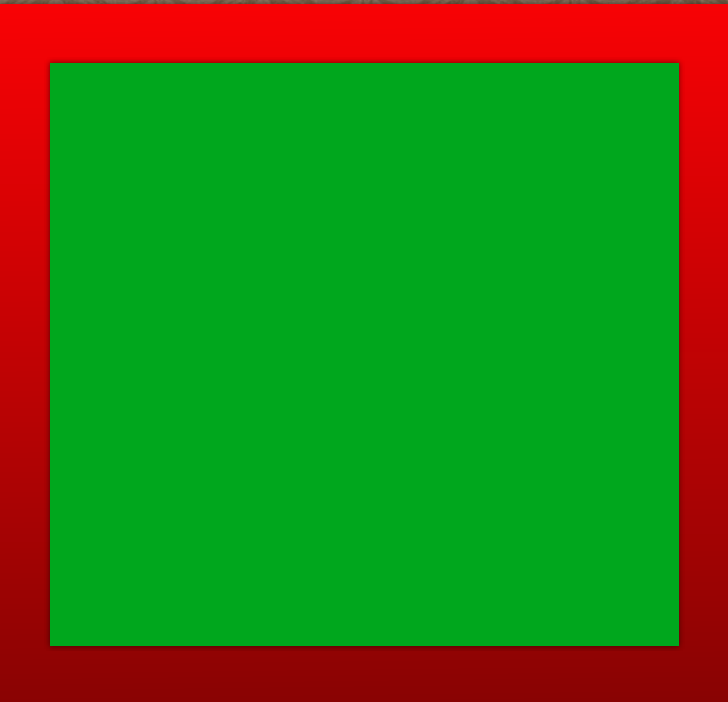
✓ b. The income upon which the taxes were withheld must be included as part of the gross income declared in the income tax return of the recipient.

Revenue Regulations No. 5-2024



c. 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 clearly identified as the payee in the withholding tax certificate.

Revenue Regulations No. 5-2024



(B) 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.

1. 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.

Revenue Regulations No. 5-2024




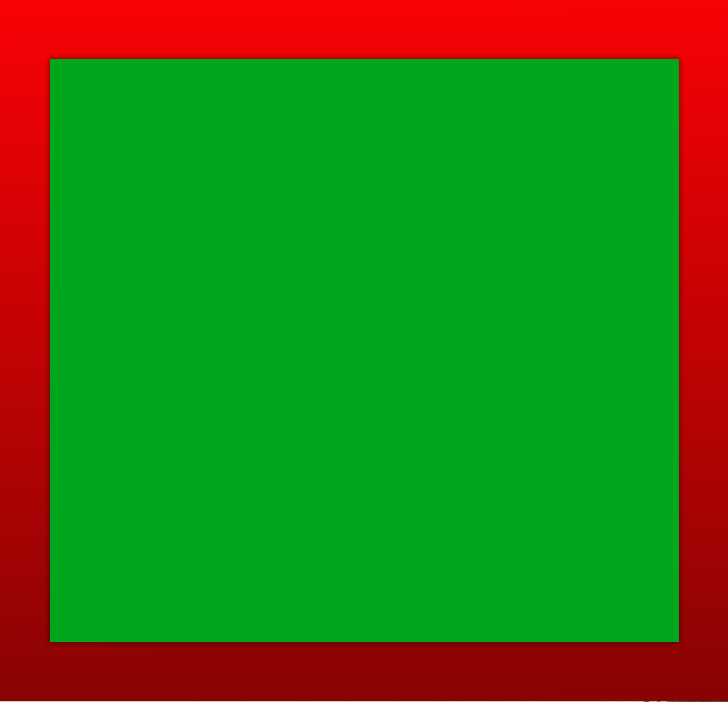
2. As clearly provided for in Section 10 of the EOPT Act, amending Section 76 of the Tax Code, the processing office/s of the Bureau of Internal Revenue (BIR) shall decide on the application and refund the excess taxes within two (2) years from the date of the dissolution or cessation of business. This is an exception to the 180-day processing of TCC/refund under Section 204 (C) of the Tax Code.


Revenue Regulations No. 5-2024



3. For purposes of these Regulations, the 2-year period to decide and refund the excess taxes shall commence from the submission of the "Application for Registration Information Update/Correction/Cancellation" (BIR Form No. 1905) together with the complete documentary requirements set by the BIR for the closure of business and the refund of excess income taxes due to cessation or dissolution of business under Section 76 of the Tax Code.

Revenue Regulations No. 5-2024



4. The approved refund, if any, shall be released only after completion of the mandatory audit of all internal revenue tax liabilities covering the immediately preceding year and the short period return  and full settlement of all tax liabilities relative to cessation or dissolution of the business and any existing tax liabilities prior to the cessation or dissolution of the business.

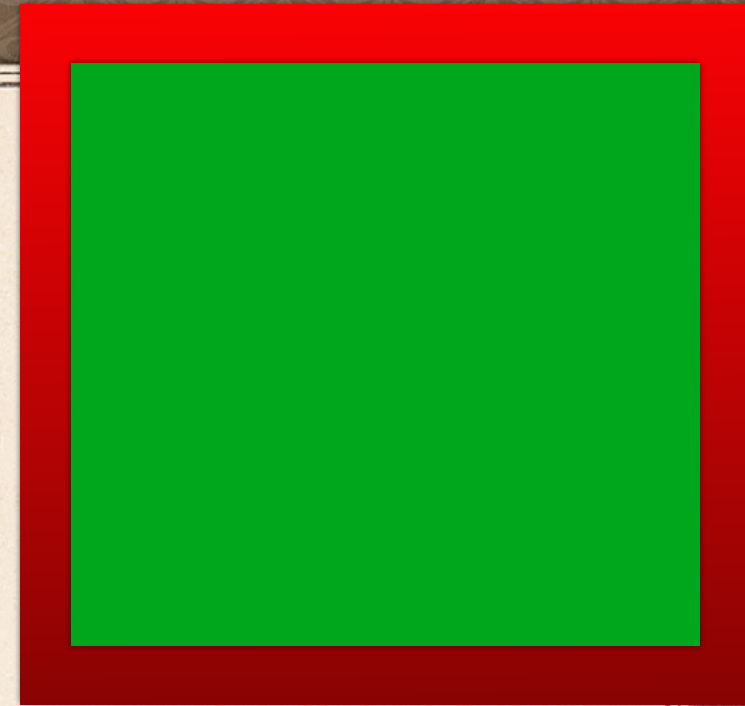
Revenue Regulations No. 5-2024



SECTION 6. Processing of Tax Credit/Refund Claims Under Sections 204(C) and 229 of the Tax Code

A. The Commissioner may credit/refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, at the Commissioner's discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction.

Revenue Regulations No. 5-2024



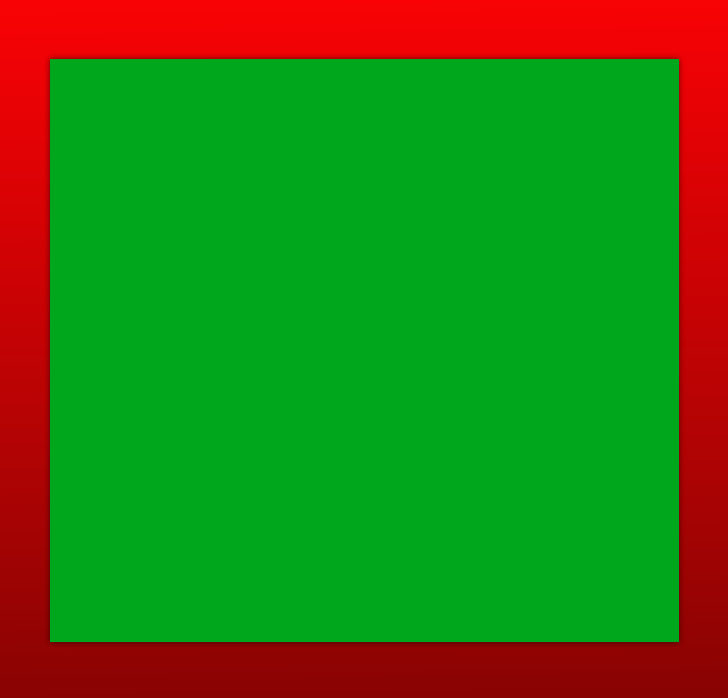
No credit/refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty and provided under Section 229 of the Tax Code: *Provided, however, that* a return filed showing an overpayment shall be considered as a written claim for credit/refund. *Provided, further, that for purposes of the* 180-day processing period, the counting shall begin upon submission of complete documents in support of the application that will be prescribed by the BIR for this purpose and should be within the 2-year prescriptive period.




Revenue Regulations No. 5-2024



✓ Sections 204(C) and 229 of the Tax Code mandates that the time-frame to process and ✓ decide the tax credit/refund shall be 180 days from the date of submission of complete documents in support of the application as prescribed by the BIR ✓ up to the payment of the approved refund or receipt of the TCC.

Revenue Regulations No. 5-2024



 Processing of income tax credit/refund under Section 76(C) for a taxpayer whose operations is a  going concern” requires checking of the books of accounts and thorough audit to properly establish the propriety of the refund. To comply with the 100-day processing required under Section 204(C) of the Tax Code,  all offices concerned shall prioritize the processing of tax credit/refund claim/s of CWT on income filed under Section 76(C), in relation to Section 204 (C) and 229 of the Tax Code.

Revenue Regulations No. 5-2024



For purposes of these Regulations, the processing of income tax credit/refund shall be prioritized and should not be held in abeyance pending the completion of the audit for all internal revenue tax liabilities.

Revenue Regulations No. 5-2024



E. Claim/s for tax credit/refund under Sections 204 and 229 of the Tax Code must conform with the following essential requisites:

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

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

C. 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 Bureau.

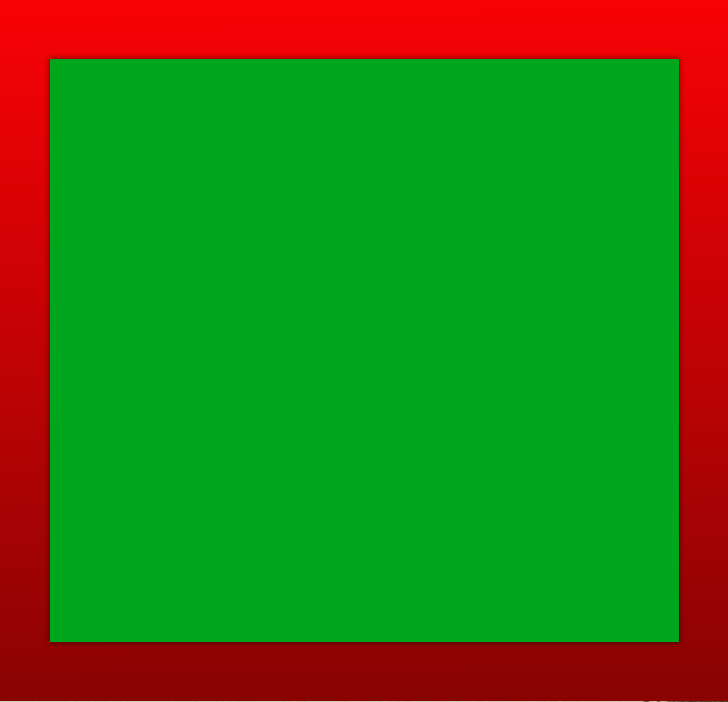
Revenue Regulations No. 5-2024



F. Should the Commissioner deny, in full or in part, the claim for credit/refund, the Commissioner shall state the legal and/or factual basis for the denial.

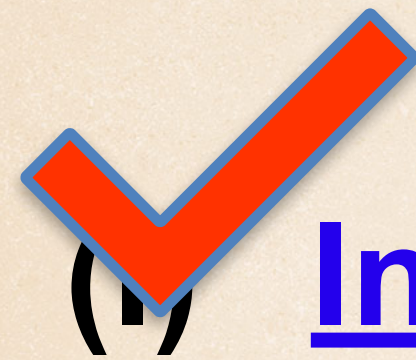
G. The result of the investigation of the claim, whether approval or denial, shall be communicated to the taxpayer-claimant signed by the authorized revenue official.

Revenue Regulations No. 5-2024



(H) In case of full or partial denial of the claim for credit/refund, the taxpayer affected may within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals (CTA).

Revenue Regulations No. 5-2024



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


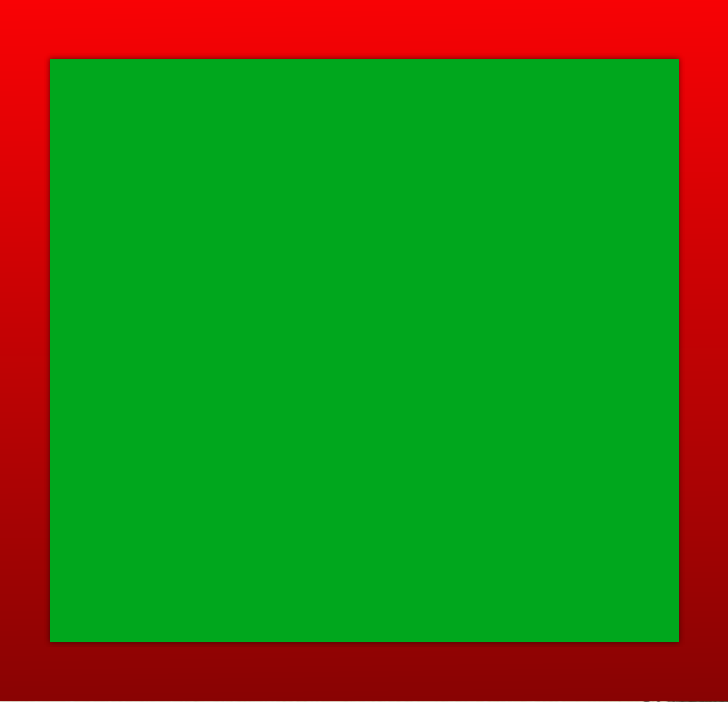


1. Appeal to the CTA within the 30-day period after the expiration of the 180 days required by law to process the claim; or




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

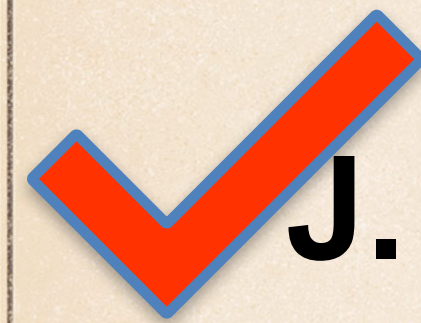
Revenue Regulations No. 5-2024



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.




Revenue Regulations No. 5-2024



J. Deliberate failure on the part of any official, agent, or employee of the BIR to process and decide on the application within the prescribed 180-day period shall be punishable under Section 269(J) of the Tax Code.




Revenue Regulations No. 5-2024

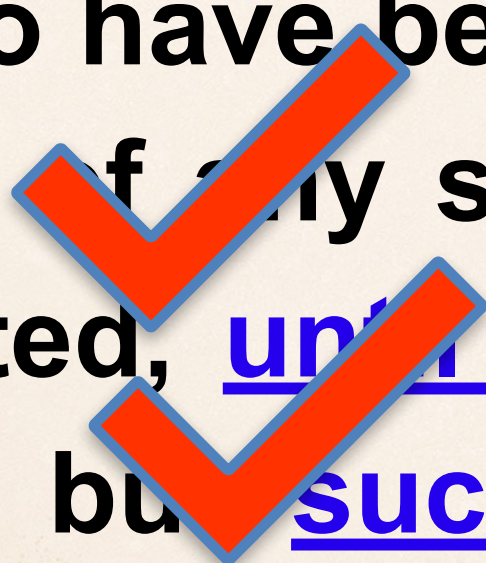
 **K. TCC validly issued under the provisions of the Tax Code may be applied against any internal revenue tax liability, excluding withholding taxes, for which the taxpayer is directly liable. Any request for conversion into refund of unutilized TCC may be allowed, subject to the provisions of Section 230 of the Tax Code: *Provided*, That the original copy of the TCC showing a creditable balance is surrendered to the appropriate revenue officer for verification and cancellation. *Provided*, further, that in no case shall a tax refund be given resulting from availment of incentives granted pursuant to special laws for which no actual payment was made.**

Revenue Regulations No. 5-2024



SECTION 7. Judicial Claim for Credit/Refund Under Section 229 of the Tax Code

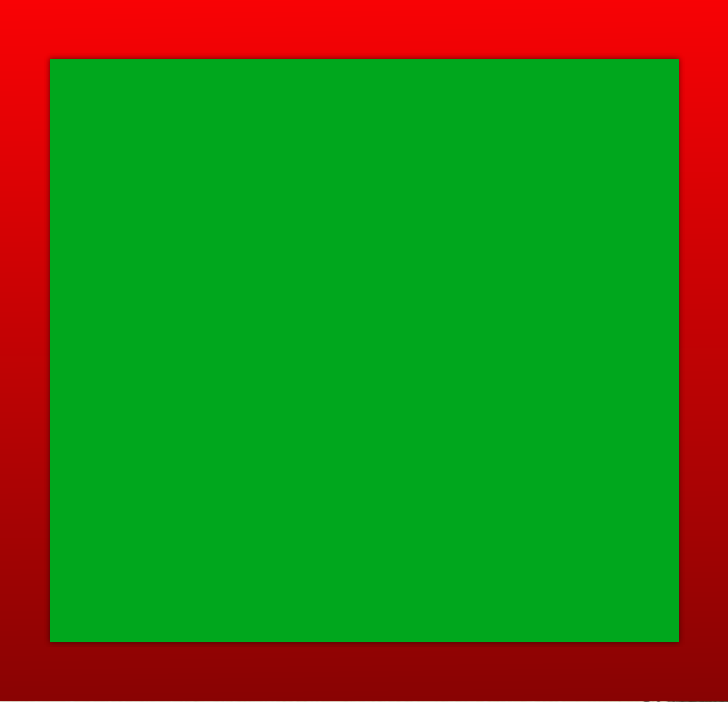
 No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, of any sum alleged to have been excessively or in any manner wrongfully collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

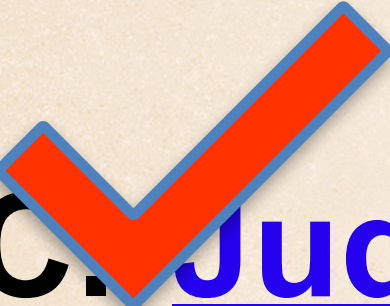


Revenue Regulations No. 5-2024

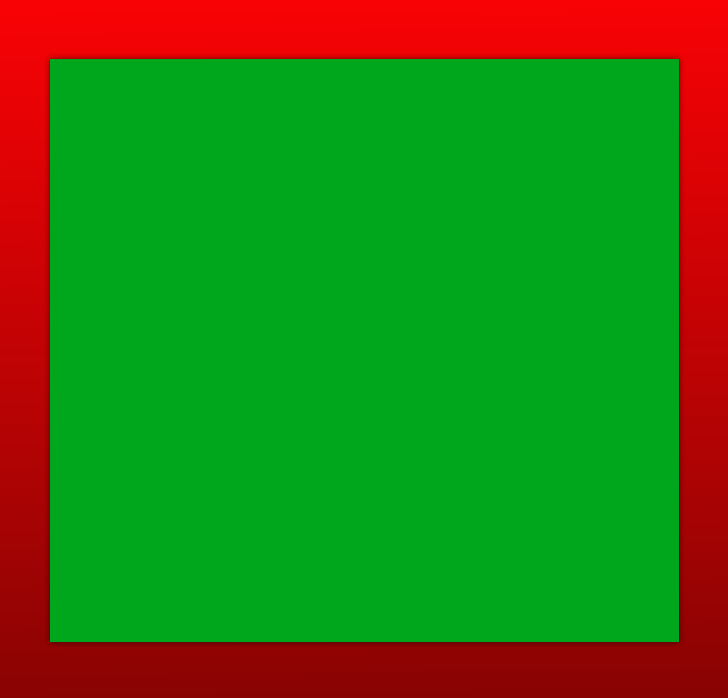
B. In any case, no such suit or proceeding shall be filed unless there is a full or partial denial of the claim for credit/refund by the Commissioner or there is a failure on the part of the Commissioner to act on the claim within the 180-day period under Section 204(C) of the Tax Code.

Revenue Regulations No. 5-2024



 **Judicial claim for tax credit/refund must be made within thirty (30) days from full or partial denial by the Commissioner or failure on the part of the Commissioner to act on the claim within the one hundred eighty (180)-day period under Section 204(C) of the Tax Code.**

Revenue Regulations No. 5-2024



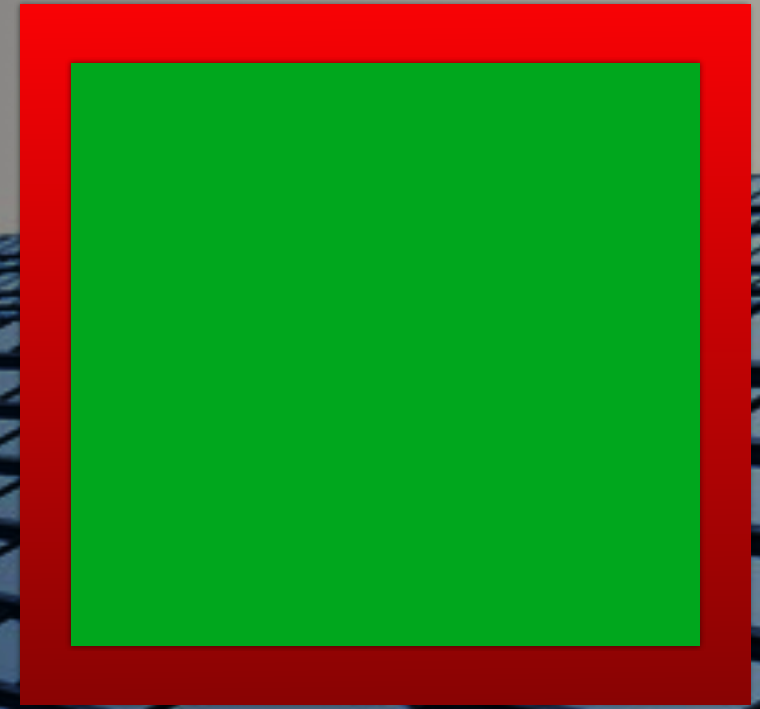
(D) For tax refund claims of excess income taxes of taxpayers undergoing cessation or dissolution of business pursuant to Section 76 (C) of the Tax Code, judicial claim for tax credit/refund must be made within thirty (30) days from full or partial denial by the Commissioner.

Revenue Regulations No. 5-2024



SECTION 10. EFFECTIVITY – To provide ample time for the taxpayers and the BIR to adjust with the new requirements and procedures that will be imposed, these Regulations shall cover claims filed starting July 1, 2024 onwards.

Revenue Regulations No. 6-2024



Implementing Section 45 of Republic Act No. 11976,
Otherwise Known as the "Ease of Paying Taxes Act,"
on Imposition of Reduced Interest and Penalty Rates
for Micro and Small Taxpayers

Revenue Regulations No. 6-2024



SECTION 2. Coverage. – These Regulations shall cover micro and small taxpayers as classified under Section 21 (B) of the Tax Code as amended by RA No. 11976, to wit:

- (a) Micro Taxpayer – shall refer to a taxable person whose gross sales for a taxable year is less than Three Million Pesos (P 3,000,000).
- (b) Small Taxpayer – shall refer to a taxable person whose gross sales for a taxable year is Three Million Pesos (P 3,000,000) to less than Twenty Million Pesos (P 20,000,000).

Revenue Regulations No. 6-2024

SECTION 3. Imposition of Civil Penalties. – There shall be imposed, in addition to the tax required to be paid, a penalty equivalent to ten percent (10%) of the amount due, in the following cases:

(a) Failure to file any return and pay the tax due thereon as required under the provisions of the Tax Code or rules and regulations on the date prescribed.

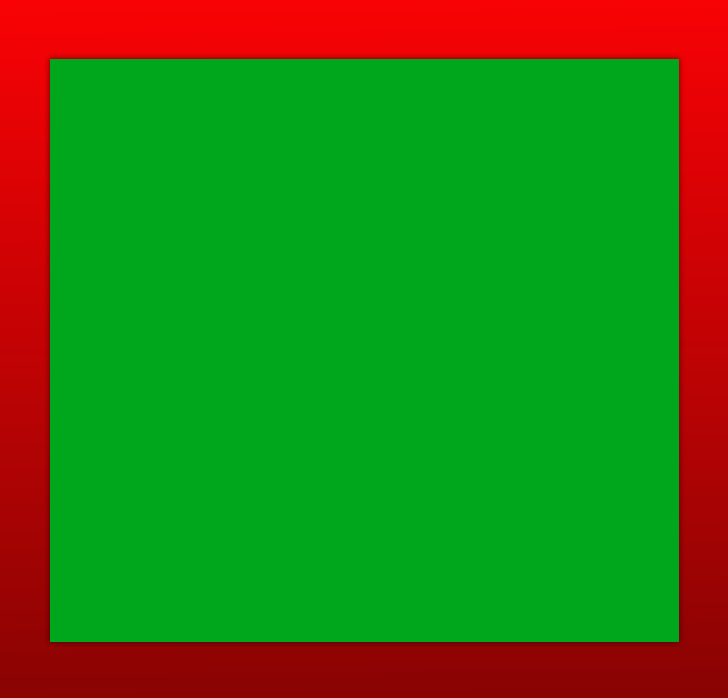
Provided, that no penalty shall be imposed to an amendment of a tax return if the covered taxpayer filed the initial tax return and paid the tax due thereon on or before the prescribed due date for its filing;

Revenue Regulations No. 6-2024

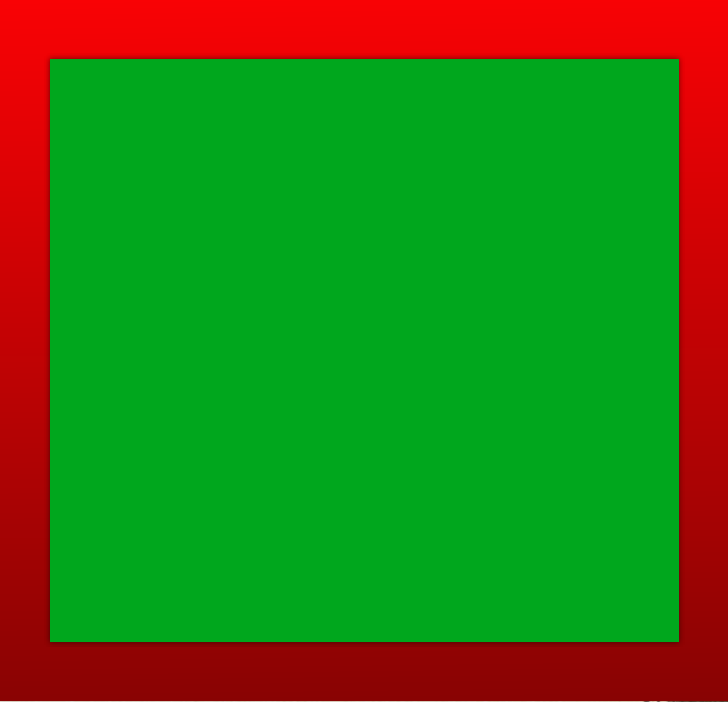


Provided, further, that in case of deficiency tax assessment as result of tax audit, a penalty shall be imposed on a tax deficiency found if the particular tax return being audited was found to have been filed beyond the prescribed period or due date:

Revenue Regulations No. 6-2024

- 
- (b) Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment; or
 - (c) Failure to pay the full or part of the amount tax shown on any return 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.

Revenue Regulations No. 6-2024



In case of a willful neglect to file a return within the period prescribed by the Tax Code or by rules and regulations, or for false or fraudulent filing of return, a penalty at the rate of fifty percent (50%) of the tax, or of deficiency tax in case of payment made before the discovery of the falsity or fraud, shall be imposed. Provided, that a substantial under-declaration of taxable sales or income, or a substantial overstatement of deductions, as determined by the Commissioner of Internal Revenue pursuant to the rules and regulations promulgated by the Secretary of Finance, shall constitute prima facie evidence of a false or fraudulent return.

Revenue Regulations No. 6-2024

For this purpose, "substantial under-declaration of taxable sales or income" shall mean failure to report sales or income in an amount exceeding thirty percent (30%) of the declared per return; while "substantial overstatement of deductions" shall mean a claim of deductions in an amount exceeding thirty percent (30%) of actual deductions.

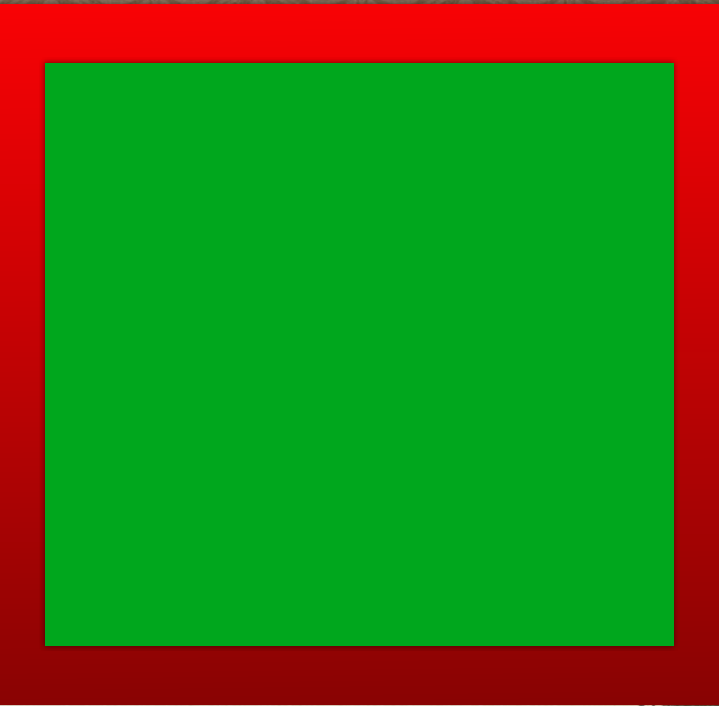

Revenue Regulations No. 6-2024

SECTION 4. Imposition of Interest – There shall be assessed and collected on any unpaid amount of tax by the covered taxpayers, interest at the rate of fifty percent (50%) of the interest rate mandated in Section 249 of the Tax Code.

Revenue Regulations No. 6-2024

For this purpose, the legal interest imposable to covered taxpayers shall be six percent (6%). In case a new legal interest rate is prescribed, the Commissioner of Internal Revenue (CIR) shall issue a separate Circular therefor.

Revenue Regulations No. 6-2024






SECTION 5. Imposition of penalty for failure to file certain information returns–
In case of 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 therefor, a penalty of Five Hundred Pesos (P500.00) shall be paid for each such failure by the covered taxpayer, upon notice and demand by the Commissioner of Internal Revenue.

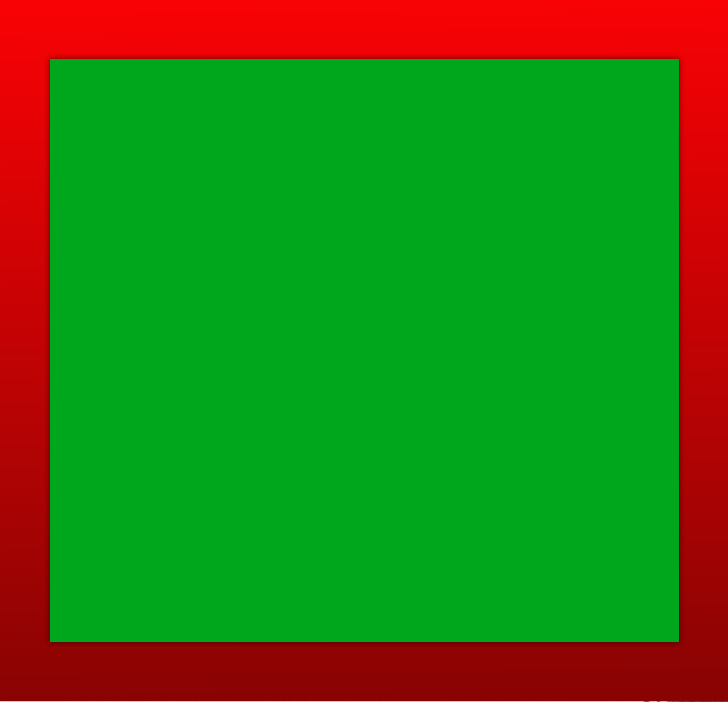


In no case shall the aggregate amount to be imposed for all such failures during a calendar year exceed Twelve Thousand Five Hundred Pesos (P12,500.00).

Revenue Regulations No. 6-2024

 **SECTION 6. *Compromise Penalty*** – In case of criminal violation by covered taxpayers of Sections 113, 237, and 238 of the Tax Code,  **not involving fraud, a reduced compromise penalty rate of fifty percent (50%) of the applicable rate or amount of compromise under Annex "A" and  Revenue Memorandum Order No. 7-2015 and its subsequent amendments, if any, shall be applied.**

Revenue Regulations No. 6-2024



For this purpose, the compromise penalty shall be collected in lieu of criminal prosecution for violation committed, when payment is based on a compromise agreement validly entered into between the covered taxpayer and the Commissioner of Internal Revenue.

Provided, that, in no case shall the compromise penalty differ in amount from those specified in these Regulations, except when duly approved by the Commissioner of Internal Revenue, or his duly authorized representatives.

Revenue Regulations No. 6-2024




✓ Provided, further, that the compromise penalty herein prescribed shall not prevent the Commissioner of Internal Revenue, or his duly authorized representatives, from accepting a compromise amount higher than what is provided hereof

✓ Provided, lastly, that a compromise offer lower than the prescribed amount may be accepted after approval by the Commissioner of Internal Revenue, or his duly authorized representatives.

Revenue Regulations No. 6-2024



SECTION 7. *Applicability.* – These Regulations  **shall apply prospectively in accordance with Section 51 of RA No. 11976.**

Revenue Regulations No. 7-2024

Implementing Sections 113, 235, 236, 237, 238, 242, 243 of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 11976, Otherwise Known as the "Ease of Paying Taxes Act," on the Registration Procedures and Invoicing Requirements

Revenue Regulations No. 7-2024

➤ SECTION 2. Definition of Terms. –

1. Invoice – it is a written account evidencing the sale of goods and/or services issued to customers in the ordinary course of trade or business. This includes Sales Invoice, Commercial Invoice, Cash Invoice, Charge/Credit Invoice, Service Invoice, or Miscellaneous Invoice. It is also referred to as a principal invoice” and is categorized as follows:

Revenue Regulations No. 7-2024

1.1 VAT Invoice – it is a written account evidencing the sale of goods, properties, services and/or leasing of properties subject to VAT issued to customers or buyers in the ordinary course of trade or business, whether cash sales or on account (credit) or charge sales. It shall be the basis of the output tax liability of the seller and the input tax claim of the buyer or purchaser.

Revenue Regulations No. 7-2024

1.2 Non-VAT Invoice – it is a written account evidencing the sale of goods, properties, services and/or leasing of properties not subject to VAT issued to customers or buyers in the ordinary course of trade or business, whether cash sales or on account (credit) or charge sales. It shall be the basis of the Percentage Tax liability of the seller, if applicable.

Revenue Regulations No. 7-2024



Invoice may also serve as a written admission or acknowledgement of the fact that money has been paid and received for the payment of goods or services.

Revenue Regulations No. 7-2024



✓ 2. Supplementary Document – is a written document, other than sales or commercial invoice, which serves as source of accounting entries in the books of accounts.

✓ This includes but not limited to official receipt, delivery receipt, order slip, debit and/or credit memo, purchase order, acknowledgement or cash receipt, collection receipt, bill of lading, billing statement, statement of account and any other documents, by whatever name it is known or called, whether prepared manually (hand written information) or pre-printed/pre-numbered loose leaf (information typed using spreadsheet program or typewriter) or computerized as long as they are used in the ordinary course of business and being issued to customers or otherwise.

Revenue Regulations No. 7-2024



For purposes of VAT, Supplementary Documents are not valid proof to support the claim of input taxes by the buyers/purchasers of goods and/or services.


Revenue Regulations No. 7-2024





➤ SECTION 3. Invoicing and Accounting Requirements for Value-Added Tax (VAT) Registered Persons under Section 113 of the Tax Code –

All VAT-registered persons and those required to register for VAT shall comply with the following:

A. Invoicing Requirements

1. 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 sale, barter or exchange of services regardless of the amount of the transaction.

Revenue Regulations No. 7-2024



2. 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.

Revenue Regulations No. 7-2024



✓ B. Information Contained in a VAT Invoice – The following information shall be indicated in the VAT Invoice:

- ✓ 1. 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);

Revenue Regulations No. 7-2024

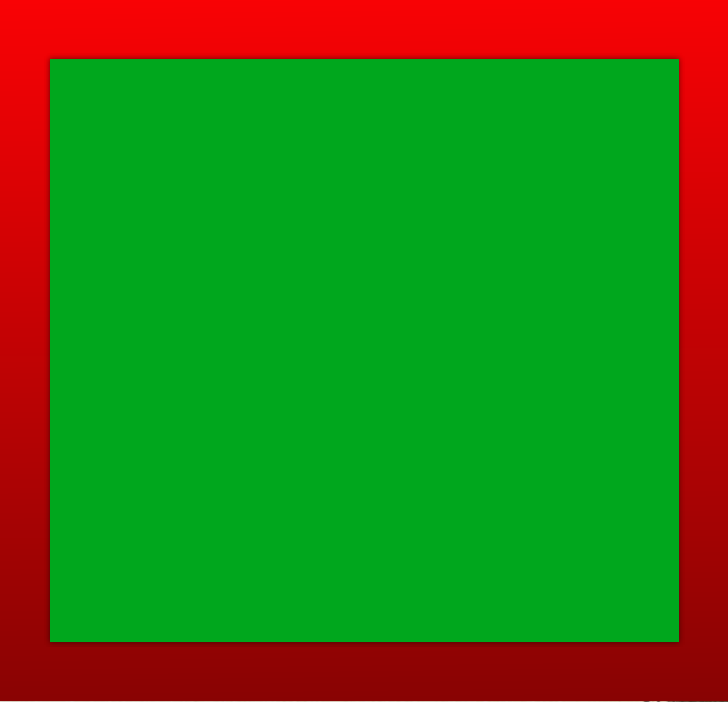
2. The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; provided that:

2.1 The VAT amount is shown as a separate item;

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

2.3 The term 'Zero-rated Sale' is written or printed, if the sale is subject to zero percent (0%) VAT;

Revenue Regulations No. 7-2024



2.4 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.

Revenue Regulations No. 7-2024






- 3. The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service;
- 4. In the case of sales in the amount of One thousand pesos (P1,000) or more where 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; and
- 5. Other information required under Section 6(C) of these Regulations.

Revenue Regulations No. 7-2024

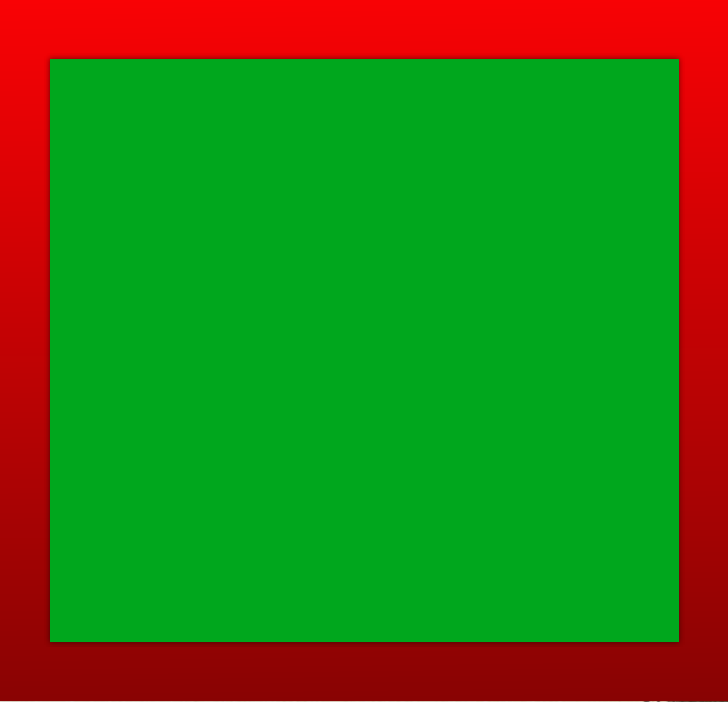
✓ **C. Accounting Requirements** – All persons ✓ **subject to VAT**
under Sections 106 and 108 of the Tax Code shall
maintain a ✓ **subsidiary sales journal and subsidiary**
purchase journal on which the ✓ **daily sales and**
purchases are recorded, in addition to the regular
accounting records required.

Revenue Regulations No. 7-2024

D. Consequence of Issuing Erroneous VAT Invoice

1. All persons who are  not VAT-registered and issued 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 (i) VAT imposed under Section 106 or 108 Tax Code, without the benefit of any input tax credit and (ii)  fifty percent (50%) surcharge under Section 248(B) of the Tax Code.



Revenue Regulations No. 7-2024



The VAT shall be recognized as an input tax credit under Section 110 of the Tax Code, to the purchaser, buyer or receiver of erroneous VAT Invoice if all the required information under Section 3(B)(1) of these Regulations are shown on the invoice.

Revenue Regulations No. 7-2024





2. A VAT-registered person or seller  issuing a VAT Invoice for a VAT-Exempt transaction, but 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 Regulations,  shall be liable for the VAT in Section 106 and 108 as if Section 109 of the Tax Code did not apply.

Revenue Regulations No. 7-2024

✓ 3. Lack of information required under Section 3(B) of these Regulations – If a VAT-registered person or seller issues a duly registered VAT Invoice to another VAT-registered person or buyer/purchaser with lacking information required under Section 3(B) of these Regulations, the seller or issuer shall be liable for non-compliance with the invoicing requirements. ✓

Revenue Regulations No. 7-2024

3. However, the  VAT amount shall still be allowed to be used as an input tax credit under Section 110 of the Tax Code, on the part of the purchaser or buyer,  except if the lacking information pertains to any of the following:

Revenue Regulations No. 7-2024



- ✓ a. Amount of sales;
- ✓ b. VAT amount;
- ✓ c. Registered Name and TIN as shown on the Bureau of Internal Revenue (BIR) Certificate of Registration of both purchaser or buyer and issuer or seller;
- ✓ d. Description of goods or nature of services; and
- ✓ e. Date of transaction.

Revenue Regulations No. 7-2024



➤ SECTION 4. Preservation of Books of Accounts and Other Accounting Records under Section 235 of the Tax Code. –

A. Preservation

✓ All Books of Accounts, including the subsidiary books and other accounting records of corporations, partnerships, or persons, shall be preserved by the taxpayer 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.

Revenue Regulations No. 7-2024



Type	5 years
✓ 1. Manual Books of Accounts and other accounting records	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

Revenue Regulations No. 7-2024



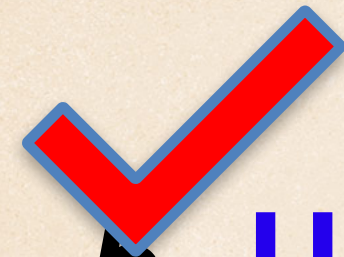
2. The term “other accounting records” includes the corresponding invoices, receipts, vouchers and returns, and other source documents supporting the entries in the Books of Accounts.

3. The term “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.

Revenue Regulations No. 7-2024

4. **The foregoing notwithstanding, if the taxpayer has any pending protest or claim for tax credit/refund of taxes, and the books and records concerned are material to the case, the taxpayer is required to preserve the Books of Accounts and other accounting records until the case is finally resolved in support of their defenses and aid, even beyond the prescribed 5-year retention period.**

Revenue Regulations No. 7-2024



5. Unless a longer period of retention is required under the Tax Code or other relevant laws, the independent Certified Public Accountant (CPA) who audited the records and certified the financial statements of the taxpayer, has the responsibility – similar to that of the taxpayer - to maintain and preserve electronic copies of the audited and certified financial statements including the audit working papers for a period of FIVE (5) years from the due date of filing the annual income tax return or the actual date of filing thereof, whichever comes later.



Revenue Regulations No. 7-2024

✓ **6. Books of Accounts and Other Accounting 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 for the following cases:**



✓ (a) Fraud, irregularity or mistakes, as determined by the Commissioner;

✓ (b) The taxpayer requests reinvestigation;

✓ (c) Verification of compliance with withholding tax laws and regulations;

✓ (d) Verification of capital gains tax liabilities; and

Revenue Regulations No. 7-2024

(e) In the  exercise of the Commissioner's power under Section 5(B) of the Tax Code, to obtain information from other persons, another or separate examination and inspection may be made. Examination and inspection of Books of Accounts and other accounting records  shall be done in the taxpayer's office or place of business or in the office of the BIR.

Revenue Regulations No. 7-2024



All corporations, partnerships or persons that retire from business shall, within ten (10) days from the date of retirement or within such period of time as may be allowed by the Commissioner in special cases, submit their Books of Accounts, including the subsidiary books and other accounting records, to the Commissioner or any of his deputies for examination, after which they shall be returned. Corporations and partnerships contemplating dissolution must notify the Commissioner and shall not be dissolved until cleared of any tax liability.

Revenue Regulations No. 7-2024



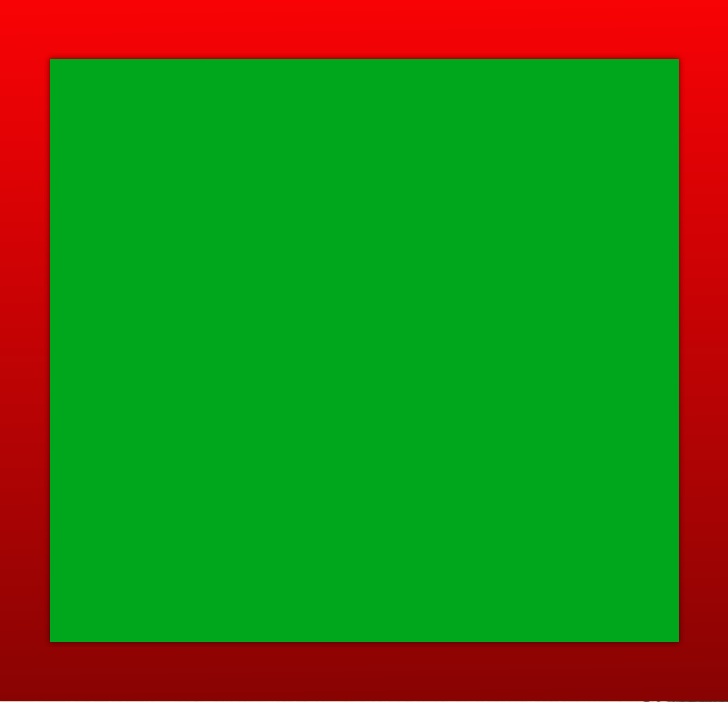



7. Any provision of existing general or special law to the contrary notwithstanding, the Books of Accounts and other pertinent records of tax-exempt organizations or grantees of tax incentives shall be subject to examination by the BIR for purposes of ascertaining compliance with the conditions under which they have been granted tax exemptions or tax incentives, and their tax liability, if any.

Revenue Regulations No. 7-2024

✓ Examination and Inspection

1. In general, all books, registers, records, vouchers and other supporting papers and documents prescribed by the BIR and other records kept by the taxpayers shall be preserved intact, unaltered and unmutilated and shall be kept at all times in the place of business of the taxpayer, subject to inspection by any internal revenue officer, and upon demand, the same must be immediately produced and submitted for inspection.

Revenue Regulations No. 7-2024

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2.  The books of accounts and other accounting records may be examined and inspected for purposes of audit, request for exchange of information by a foreign tax authority  under Sections 6 and 71 of the Tax Code, and in the exercise of the Commissioner's power to obtain information under Section 5 of the Tax Code, among others.
3. Examination and inspection of Books of Accounts and other accounting records  shall be done in the taxpayer's office or place of business or in the office of the BIR.

Revenue Regulations No. 7-2024



✓ SECTION 5. Registration Requirements under Section 236 of the Tax Code –

✓ A. Manner and Time of Registration – Every person subject to any internal revenue tax shall register, either electronically or manually, with the Revenue District Office (RDO) as follows:

✓ 1. On or before the commencement of business for Self-employed individuals, estates and trusts, corporations, and their branches, if any.

Revenue Regulations No. 7-2024



Commencement of business shall be reckoned from the day when the first sale transaction occurred or upon the lapse of thirty (30) calendar days from the issuance of the Mayor's Permit/ Professional Tax Receipt (PTR) by Local Government Unit (LGU), or the Certificate of Business Name Registration (CBNR) issued by the Department of Trade and Industry (DTI), or the Certificate of Registration (COR) issued by the Securities and Exchange Commission (SEC), whichever comes first.


Revenue Regulations No. 7-2024

A person shall be considered to have violated this provision when such person failed to register with the BIR within thirty (30) calendar days from the issuance of Mayor's Permit/PTR by the concerned LGU, or COR/CBNR issued by the SEC/DTI or the date of its first sales transaction prior to its registration with the BIR.

Revenue Regulations No. 7-2024

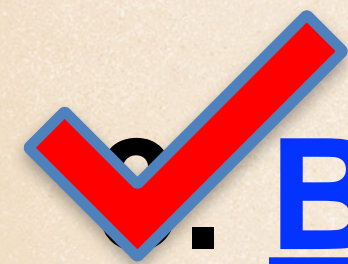


2. Before payment of any tax due for Corporations (Taxable or Non-taxable)/ One Time Transaction (ONETT).




Parties to ONETT transactions who, at the time of their transaction, have not yet been issued a TIN shall apply for issuance thereof at the time of payment of the tax due. Such TIN issued to the party involved shall be permanent and may be updated for future transactions of such person with the BIR, e.g. subsequent employment, establishing a business, etc.


Revenue Regulations No. 7-2024



Before or upon filing of any applicable tax return, statement or declaration as required by the Tax Code for Corporations, Partnerships, Associations, Cooperatives, Government Agencies and Instrumentalities (GAls).

Revenue Regulations No. 7-2024

4.  Within ten (10) days from date of employment for Employees.

Newly hired employees with  no existing TIN are required to register through their employer via BIR's online registration system.

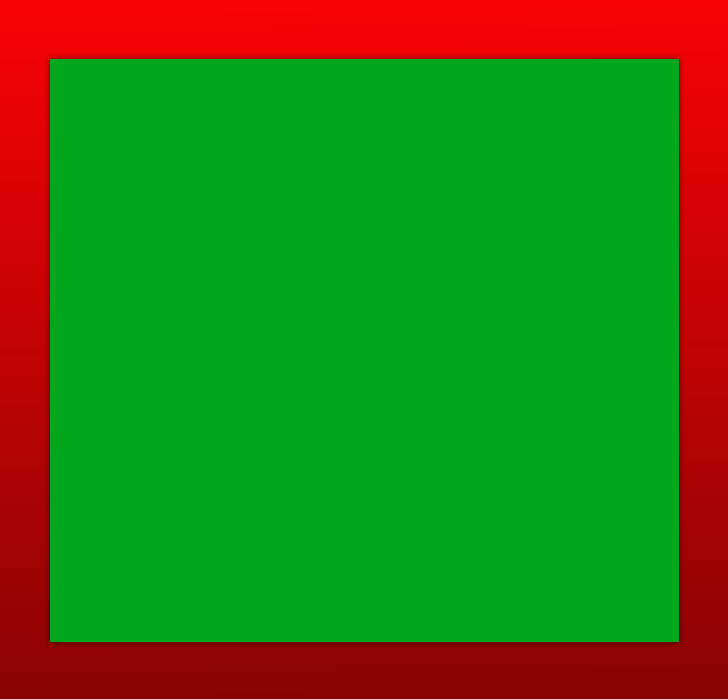
Revenue Regulations No. 7-2024

5. Application under Executive Order (EO) No. 98, series of 1999.

Individuals required to secure TIN for their transactions with government agencies shall apply for their TIN online via BIR's online registration system or from BIR Revenue District Office having jurisdiction over the place of their residence, at any time before they complete their transaction with such government agency. TINs issued under EO No. 98, series of 1999, shall be permanent and may be updated for future transactions of such person with the BIR (e.g., subsequent employment, establishing a business, etc.).

In any case, the Commissioner of Internal Revenue or his duly authorized representative may, for meritorious reasons, deny or revoke any application for registration.

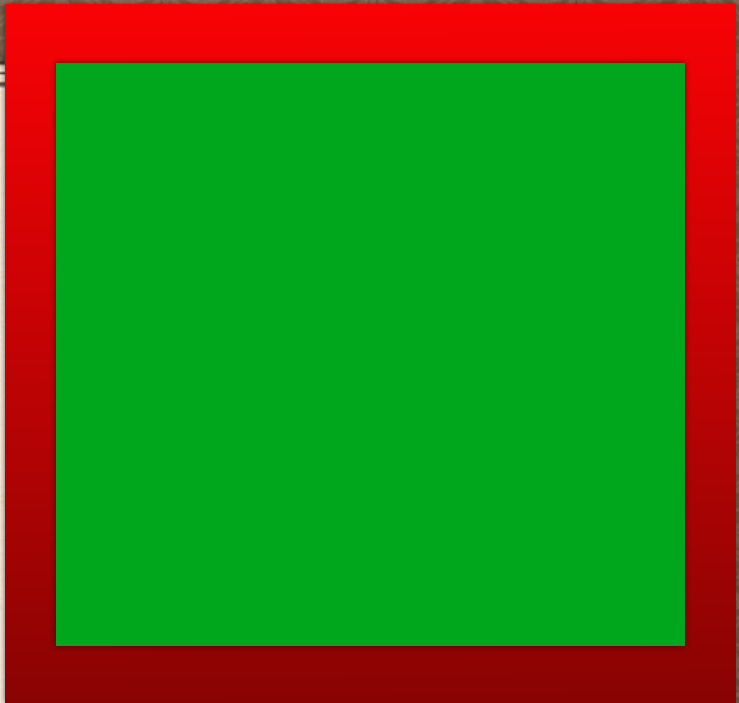
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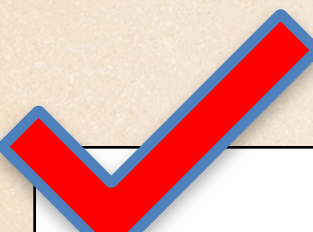



B. Place of Registration – the following taxpayers shall be registered **either electronically or manually**, with the appropriate RDO.

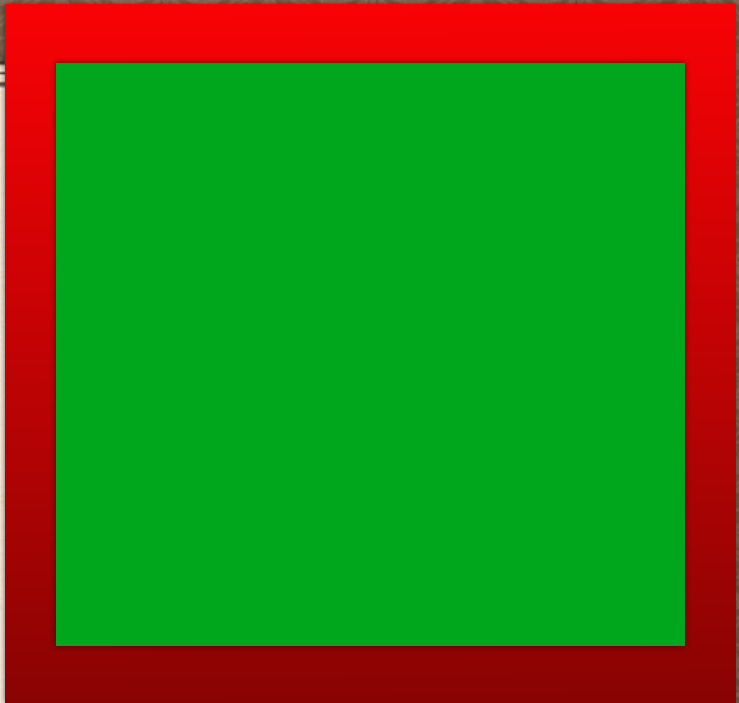
Type	Manner and Place of Registration
1. Self-employed individuals 1.1 Single Proprietors 1.2 Professionals in practice of profession	Online or manual registration at the RDO having jurisdiction over the place of business address. In case of professionals who do not have a physical place of business, registration shall be either through online or manual means at the RDO having jurisdiction over the place of residence.
2. Corporations, Partnerships, Associations, Cooperatives, Government Agencies and Instrumentalities (GAIs), Non-individuals	Online or manual registration at the RDO having jurisdiction over the place of business address.

Revenue Regulations No. 7-2024



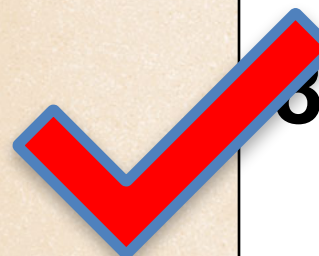
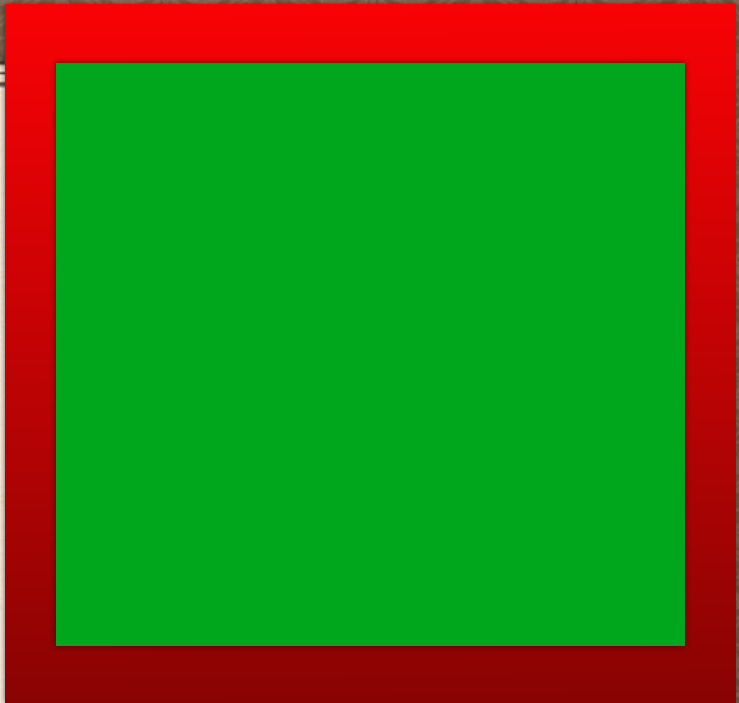
 3. Nonresident Filipino Citizens, Nonresident Aliens, Nonresident Foreign Corporations Overseas Filipino Workers (OFW)/ Filipino Overseas Contract Workers (OCW) (not engaged in business)	Online registration or manual registration at RDO No. 39 – South Quezon City. Online or manual registration at the RDO having jurisdiction over the place of residence of the OFW/OCW.
 4. Hired Employees 4.1 Local Employees 4.2 Resident Alien Employees 4.3 Nonresident Alien Employees (NRAE)	Online registration through employer or manual registration at the RDO having jurisdiction over the place of residence. In case of NRAE, registration shall be online or manual at RDO No. 39 – South Quezon City.

Revenue Regulations No. 7-2024



✓ 5. Executive Order (EO) No. 98	✓ Online or manual registration at the RDO having jurisdiction over the place of residence of the applicant.
✓ 6. Non-registered Parties to a One- Time Transaction (ONETT) 6.1 Donation 6.2 Estate 6.3 Sale of real property 6.4 Sale of shares of stocks	✓ Online or manual registration at the RDO having jurisdiction over the place of residence of the parties or where the corresponding tax return will be filed.
✓ 7. Estate 7.1 Engaged in business 7.2 Not engaged in business	✓ RDO having jurisdiction of the place of the Head Office of the business of the decedent Where the estate tax return will be filed

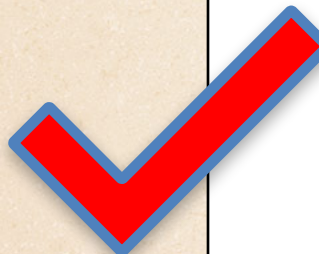
Revenue Regulations No. 7-2024



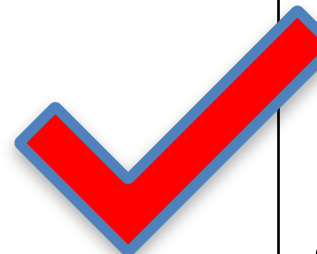
8. Trust



RDO having jurisdiction over the registered address of the Trustee. Provided, however, that in case such Trustee is not registered, registration of the trust shall be made with the RDO having jurisdiction over the business address of the Trustee.

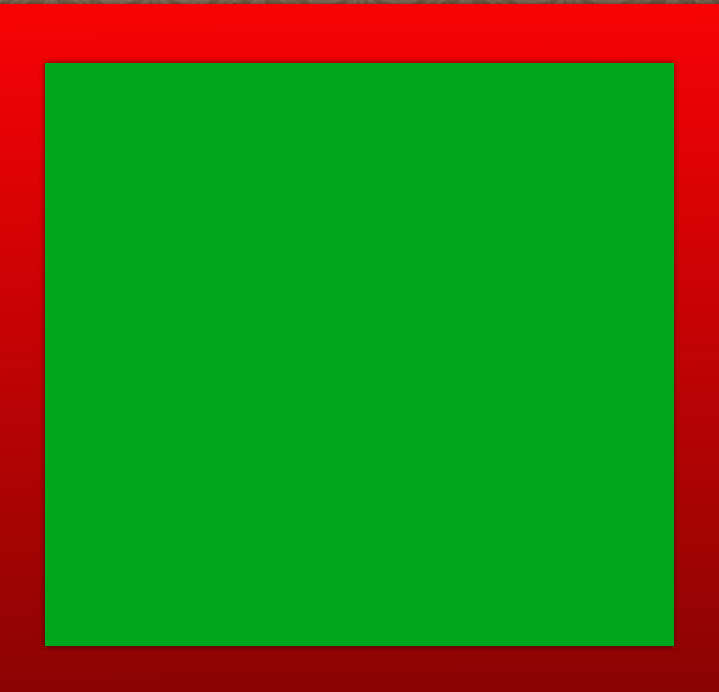



9. Branch and Facility

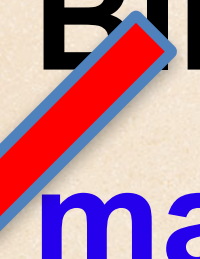


RDO having jurisdiction over the place of business address or location of the facility. In case of Large Taxpayers, its branches and facilities shall be registered at the concerned Large Taxpayers Office/Division where the Head Office is registered.

Revenue Regulations No. 7-2024



In case of system downtime or technical issues or errors, manual application for registration shall be processed at the concerned BIR offices. In any case, the Commissioner of Internal Revenue may issue and change the manner of registration through revenue issuances or circulars for tax administrative purposes.



Revenue Regulations No. 7-2024



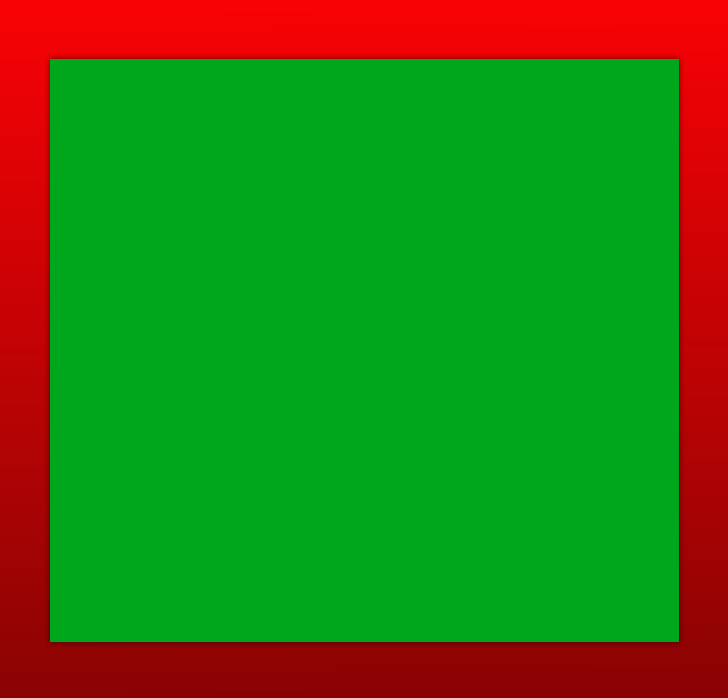
The requirement of payment of Annual Registration Fee of Five Hundred Pesos (P500.00) for every separate or distinct establishment or place of business is repealed and shall no longer be applicable effective January 22, 2024.

Revenue Regulations No. 7-2024



✓ The place of residence may refer to the taxpayer's ✓ legal residence, principal residence, current residence or permanent residence.

Revenue Regulations No. 7-2024



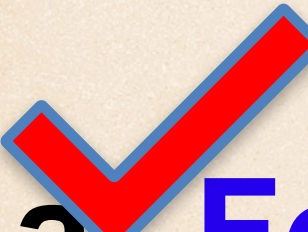


✓ **C. Registration of Business Taxpayers – All persons engaged in business or practice of profession, self-employed and professionals not under employer- employee relationship, juridical entities, ✓ online sellers/merchants including those engaged in providing digital goods and services, unless otherwise exempted, shall:**

✓ **Register and secure a BIR Certificate of Registration (COR) by the prescribed deadline under Section 5(A) hereof;**

Revenue Regulations No. 7-2024



2. Comply with the invoicing requirements:

- a.  For manual issuance of invoice – secure an Authority to Print (ATP) or avail of BIR Printed Invoice;
- b.  For computer-aided issuance - secure Permit to use loose leaf invoice and ATP;
- c.  For Computerized Accounting System (CAS) and/or components thereof - secure Acknowledgement Certificate (AC).

Revenue Regulations No. 7-2024



3. Comply with the bookkeeping requirements:

a. For manual – register books of accounts;

b. For Loose-leaf and CAS – register books of accounts within the prescribed period.

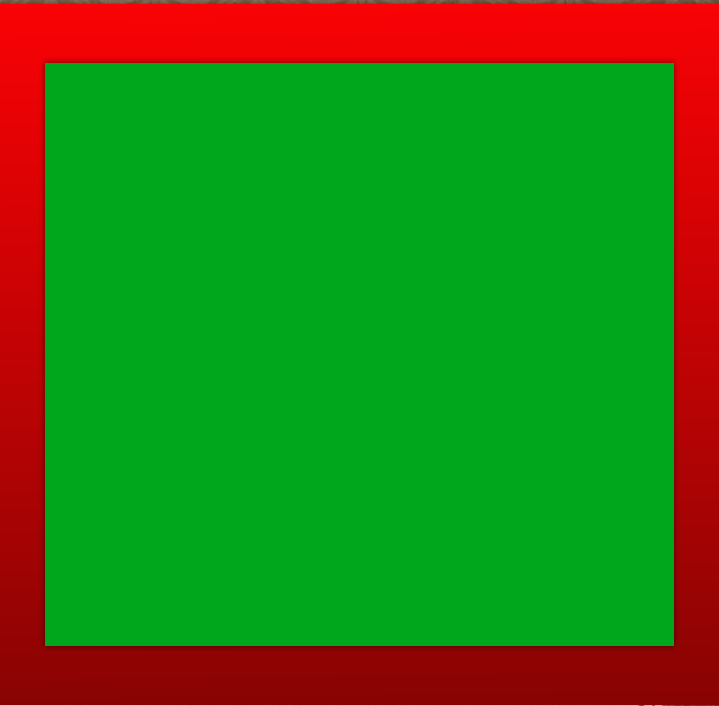

4. Secure Notice to Issue Invoices"; and

5. Attend the taxpayer's initial briefing to be conducted by the respective RDOs to inform newly registered businesses of their rights and obligations.


Revenue Regulations No. 7-2024

The concerned RDO shall include the newly registered business taxpayers who registered electronically or manually in their monthly conduct of Tax Compliance Verification Drive (TCVD) after thirty (30) calendar days from the date of business registration to validate declarations in their applications and verify their existence.

Revenue Regulations No. 7-2024



All online sellers/merchants shall register with the BIR on or before the commencement of business in an e-marketplace platform in accordance with Section 236 of the Tax Code. Consequently, and in furtherance to the government's thrust to protect and uphold the interests of the buyers/consumers from trade malpractices, e-marketplace operators shall require from their respective sellers/merchants the submission of their Certificate of Registration (COR) or BIR Form No. 2303, and include the same as part of e-marketplace operators' minimum seller/merchant accreditation requirements.



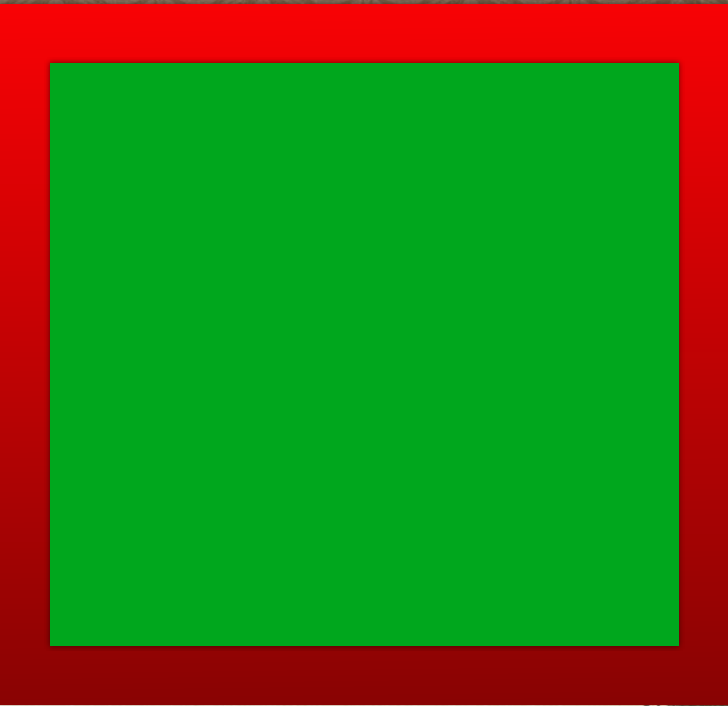
Revenue Regulations No. 7-2024




D. Registration of Business Name – Each Business Name used, including the “store name” used in any online store or e-commerce platform, shall be registered with the BIR and shall be reflected in the BIR Certificate of Registration, provided, that each Business Name or “store name” is also registered with the Securities and Exchange Commission (SEC) or Department of Trade and Industry (DTI) as evidenced by a valid DTI Certificate of Business Name Registration or SEC Certificate of Registration or Articles of Incorporation or Partnership.

Revenue Regulations No. 7-2024

E. BIR Business Registration Date – The BIR Business Registration shall be reckoned from the date when the taxpayer registered its business and/or Business Name as reflected in the BIR Certificate of Registration.

Revenue Regulations No. 7-2024



 **F. Issuance of Certificate of Registration to Head Office, Branch and Facility**– Subject to the provisions of Section 5(C) hereof,  each Head Office, Branch and Facility shall be issued a Certificate of Registration or Electronic Certificate of Registration within the period/time prescribed in the BIR Citizen's Charter,  upon submission of complete documentary requirements.

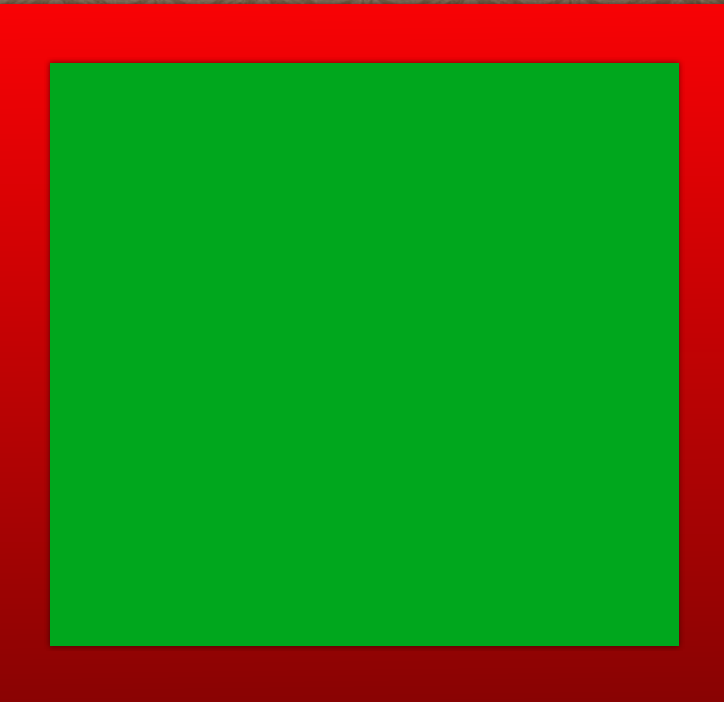
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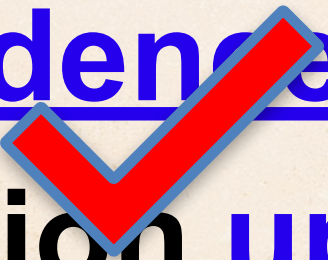


✓ Employees, ONETT taxpayers, individuals who have secured a TIN under EO No. 98 and/or non-business taxpayers, non-business Estate and Trust shall not be issued a Certificate of Registration.



✓ A thirty pesos (P30.00) Documentary Stamp Tax (loose DST) shall be paid upon issuance of BIR Certificate of Registration or Electronic Certificate of Registration.

Revenue Regulations No. 7-2024

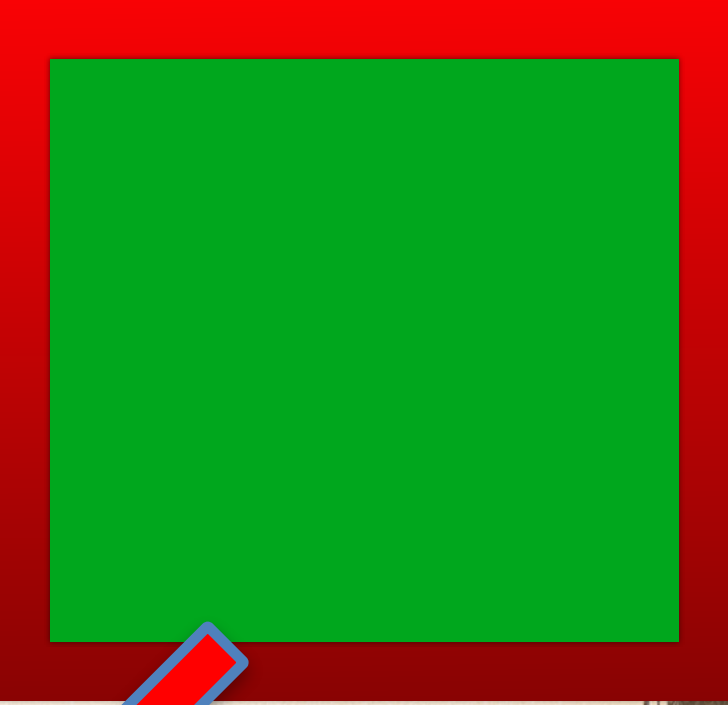

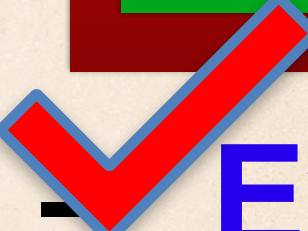


 **G. Posting of Certificate of Registration** –  **All persons subject to the provisions of Section 5(C) and (D) hereof shall post or exhibit their original Certificate of Registration (COR)/Electronic Certificate of Registration (eCOR) at the place where the business is conducted and at each branch and/or facility in a way that is clearly and  easily visible to the public. In case of a  peddler or other persons not having a fixed place of business,  the COR/eCOR shall be kept in the possession of the holder thereof or at the place of residence or at the Head Office's address, if applicable, subject to production  upon demand of any internal revenue officer.**

Revenue Regulations No. 7-2024





 **H. Posting of Proof of Registration on Online Websites, E-Commerce or E-Marketplace Seller/Merchant's Page and other Platforms – All online businesses, sellers or merchants and service providers operating a business through a website, social media or any digital or electronic means, shall display conspicuously the electronic copy of the BIR Certificate of Registration on their website, seller/merchant's account or profile pages of the e-commerce platform or mobile application. The displayed proof of registration shall be easily accessible and visible to buyers or customers visiting the seller's merchant page or online/e-commerce shop.** 

Revenue Regulations No. 7-2024

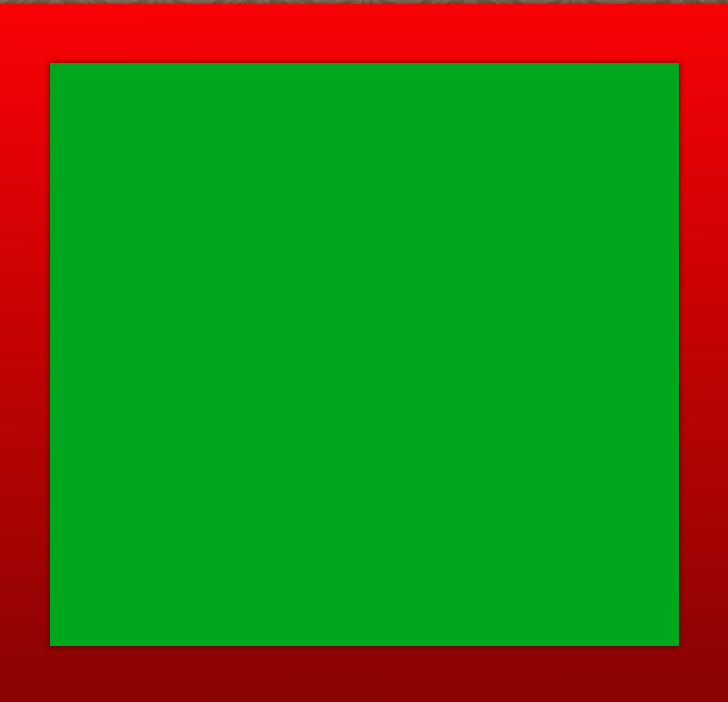

 Registration of Each Type of Internal Revenue Tax  Every
person who is required to register with the BIR under Section 5(A)
hereon, shall register each type of internal revenue tax for which
such person is obligated; file a return and pay the tax due thereon,
either electronically or manually; and update such registration of
any changes thereof.

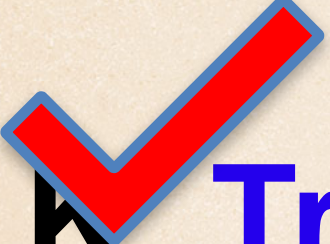


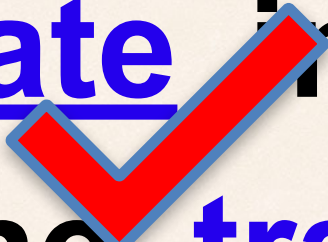
Revenue Regulations No. 7-2024



 Cancellation of Registration – The  registration of any person shall be cancelled upon mere filing, either electronically or manually, of an application for  registration information update in a form prescribed therefor with the RDO where such person is registered. However, this shall not preclude the  Commissioner of Internal Revenue or his authorized representative from conducting an audit in order to determine any tax liability.


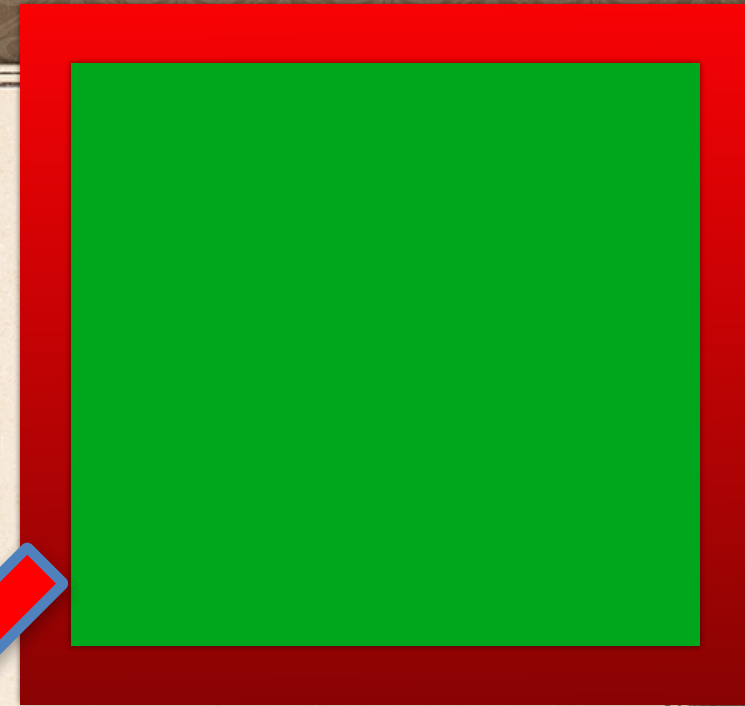

Revenue Regulations No. 7-2024




 **K. Transfer of Registration** – In case a registered person  **decides to transfer the place of business or head office or branch/es**, 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 RDO which initiated the audit investigation shall continue the same.**

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Revenue Regulations No. 7-2024

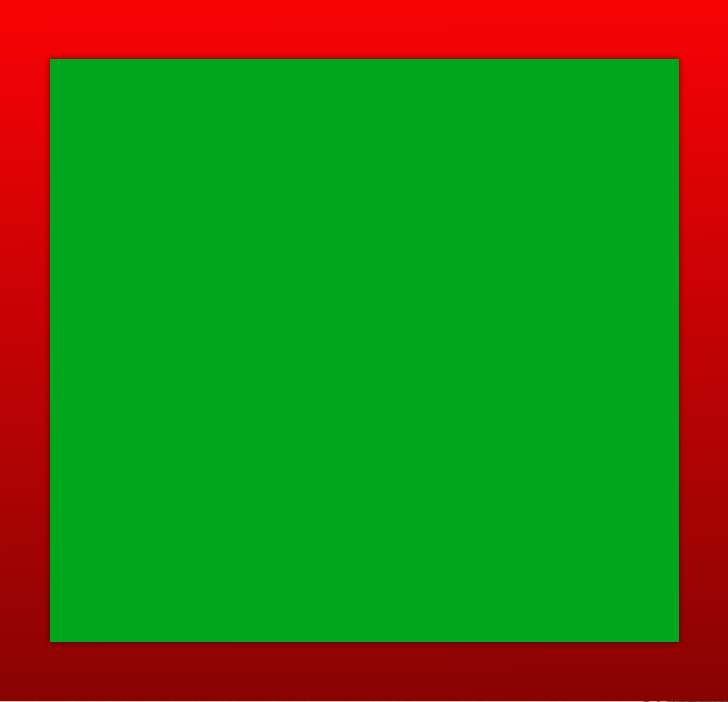



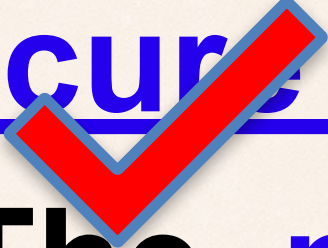
2. Transfer of Registration of Business Taxpayers – Taxpayers engaged in business may submit their application for transfer of registration, either manually or via BIR online registration system at the current RDO where the taxpayer is registered.



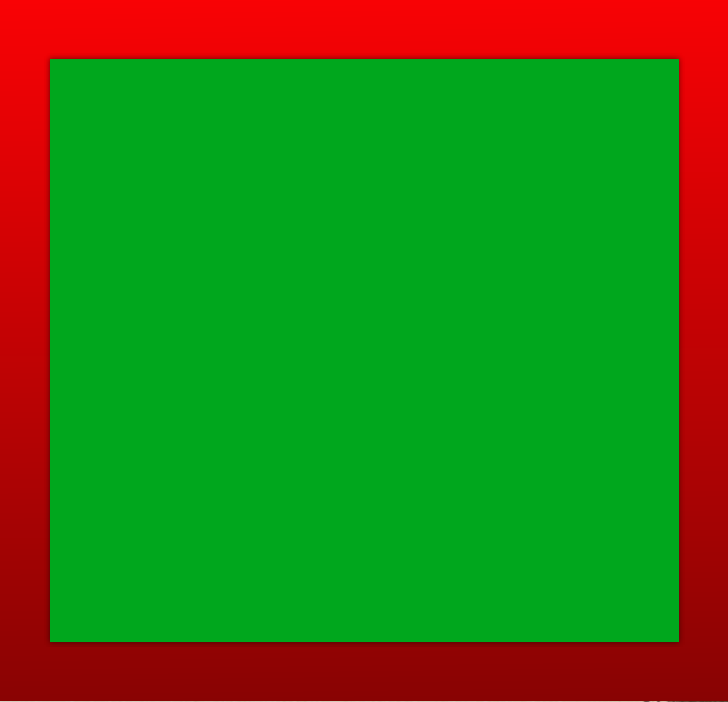
All open-cases/stop-filer cases shall be settled at the new RDO, except for those who are subject to audit investigations where Section 5(B) and (I) applies. Thus, taxpayers with open-cases/stop-filer cases who are not subject to audit investigations shall be transferred to the new RDO within the prescribed period together with its open-cases/stop-filer cases.


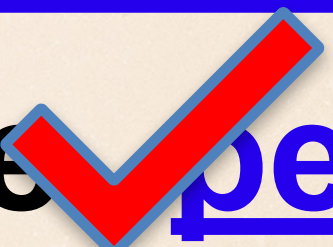
Revenue Regulations No. 7-2024



The concerned  taxpayer shall 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.

Revenue Regulations No. 7-2024







✓ **L. Unlawful Pursuit of Business** – 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.**

Revenue Regulations No. 7-2024

SECTION 6. Issuance of Invoices under Section 237 of the Tax Code. –

A. Issuance –

1. 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 (Php 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.

 The P500.00 amount shall be adjusted to its present values  every three (3) years using the consumer price index, as published by the Philippine Statistics Authority (PSA).

Revenue Regulations No. 7-2024



2. The seller shall issue Invoice when the buyer so requires regardless of the amount of transaction. Provided, however, that if the sales amount per transaction is below the threshold but the aggregate sales amount at the end of the day is at least five hundred pesos (P500.00), the seller will issue one (1) invoice for the aggregate sales amount for such sales at the end of the day: Provided, finally, that VAT-registered persons shall issue duly registered invoice regardless of the amount of the sale and transfer of merchandise or for services rendered.

Revenue Regulations No. 7-2024

3. The word "Invoice" shall be printed on the face of the invoice to be issued to buyers or customers. 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. However, should the taxpayer opt to have a separate set of invoices for cash sales or charge sales, the word "Invoice" may be printed indicating the transactions that will be issued such invoices. E.g., Cash Invoice, Charge Invoice/Credit Invoice, Billing Invoice, Service Invoice, etc. Provided, that the word "Invoice" is prominently printed or larger than the word describing the transaction.

Revenue Regulations No. 7-2024



4. Considering that the Ease of Paying Taxes Act no longer requires the issuance of Official Receipts, it operates to establish the Invoice as the primary evidence for both sales of goods and services. The taxpayer, however, may issue Official Receipt, Collection Receipt or Payment Receipt as supplementary document showing proof of payment. To promote ease of doing business, the remaining unused Official Receipts can still be used at the option of the taxpayer, pursuant to Section 8 (2) of these Regulations

Revenue Regulations No. 7-2024



✓ **Information Contained in the Invoice** – The Invoice shall contain the following information:

✓ **Taxpayer (Seller) Registered name** as shown in BIR Certificate of Registration;

✓ **At the option of the taxpayer**, in addition to its BIR-registered name, the taxpayer **may choose to add its DTI Registered Business Name or Trade Name in SEC Articles of Incorporation/Partnership/Certificate of Incorporation** of the taxpayer (seller).

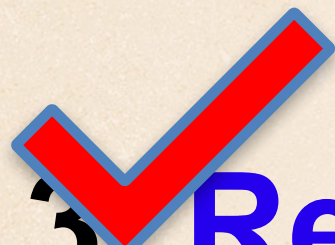


Revenue Regulations No. 7-2024



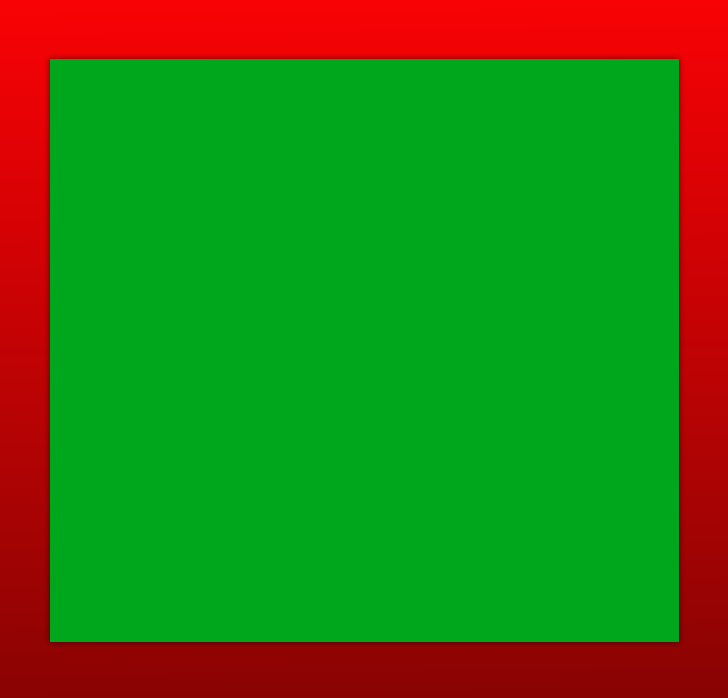
- ✓ 2. A statement that the seller is a VAT or Non-VAT registered person followed by the seller's Taxpayer Identification Number (TIN) and Branch Code (✓ e.g. VAT Reg TIN 123-456-789-00000, Non-VAT Reg TIN 987-654-321-00000);

Revenue Regulations No. 7-2024



3.  Registered business address where the invoice shall be used;
4. The term  invoice is printed or included (e.g. Sales Invoice, Commercial Invoice, Cash Invoice, Charge Invoice, Credit Invoice, Service Invoice or any similar description followed by the word “Invoice”);
5.  Date of transaction;

Revenue Regulations No. 7-2024



6. ✓ Space provided for the registered name, registered business address and TIN of the buyer. If the sale of goods or services are directly ✓ between a business and consumers [Business-to-Consumer (B2C)] who are the end- users of its products or services, the, ✓ business address and TIN of the buyer are not required to be included;

7. ✓ Serial number printed prominently;

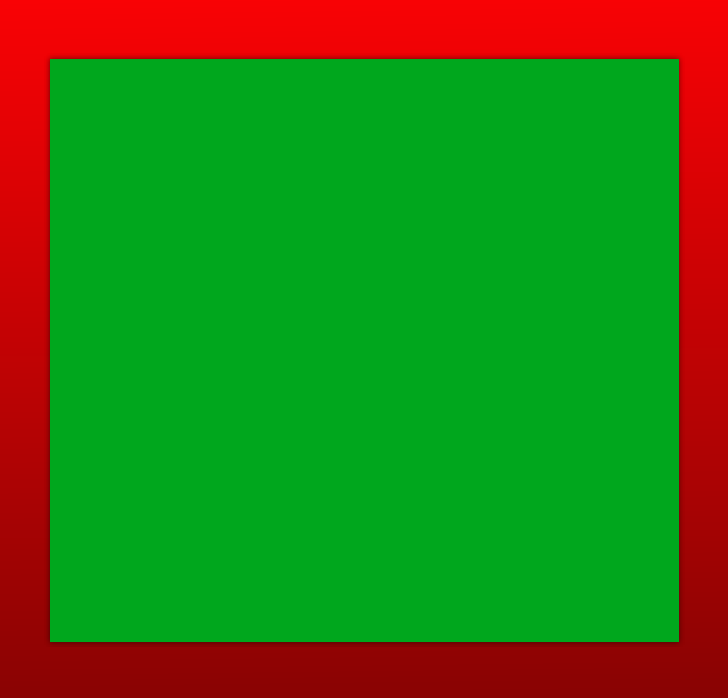
Revenue Regulations No. 7-2024

✓ 9. Quantity;

✓ 10. Unit cost;

✓ 11. Description of the goods or properties or nature of the service;

Revenue Regulations No. 7-2024

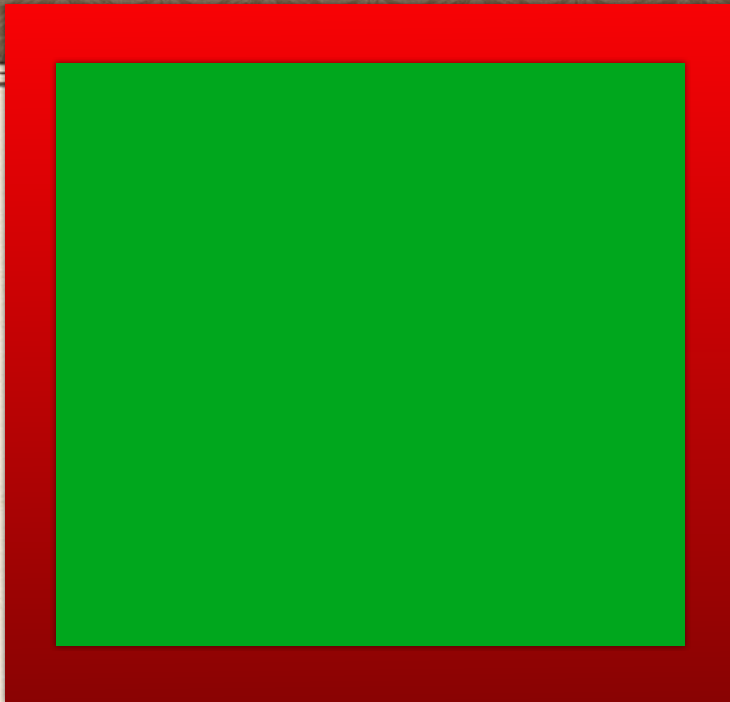

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11. Total amount of sale. If VAT-registered VAT is included in the total amount;
 12. The VAT amount shall be shown as a separate item;
 13. If the VAT taxpayer is engaged in mixed transactions, the sales involved shall be broken down into: VATable Sales, VAT Amount, Zero Rated Sales, and VAT Exempt Sales.

Revenue Regulations No. 7-2024



14. If the VAT taxpayer opts to issue separate invoices for the VATable sale, exempt and zero-rated components of the sale, the term 'VAT-Exempt Sale' is written or printed if the sale is exempt from VAT; or term 'Zero-rated Sale' is written or printed if the sale is subject to zero percent (0%) VAT.

Revenue Regulations No. 7-2024



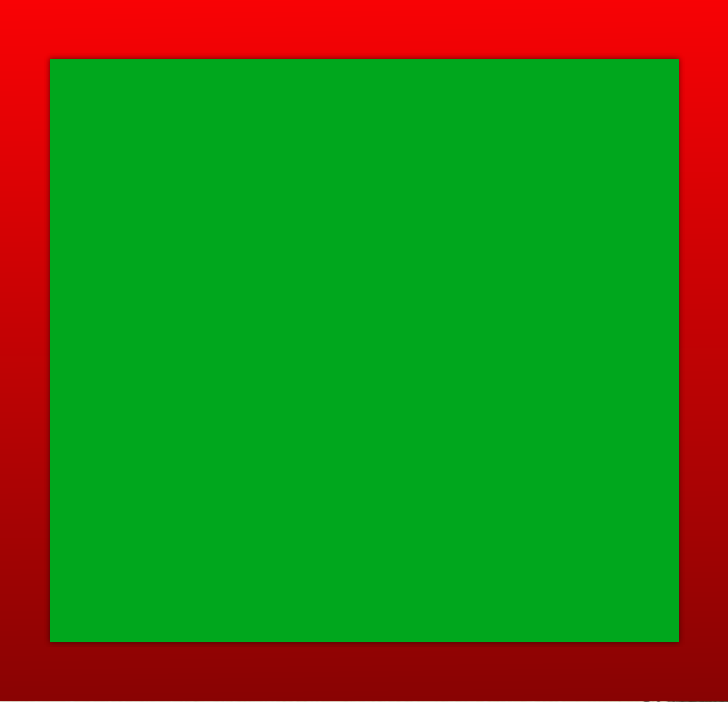
15. For supplementary Invoices such as official receipts, delivery receipts, order slips, purchase orders, acknowledgment receipts, collection or cash receipts, credit/debit memo, job orders and other similar documents that form part of the accounting records of the taxpayer and/or issued to their customers, it is required, in addition to the above-enumerated applicable information, that the phrase “THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAX” in bold letters, be conspicuously printed at the face of such supplementary documents.

Revenue Regulations No. 7-2024

16. Taxpayers whose transactions are not subject to VAT or percentage tax shall issue Non-VAT Invoice indicating at the face of such invoice the word “EXEMPT”.

17. 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.

Revenue Regulations No. 7-2024



18. For taxpayers transacting with (1) Senior Citizen/s (SC/s) and/or Person/s with Disability (PWD) pursuant to RA No. 7432, as amended and RA No. 7277, as amended, respectively; (2) National Athletes and Coaches (NAAC) pursuant to RA No. 10699; (3) Solo Parent pursuant to RA No. 8972, as amended; and (4) Medal of Valor (MOV) Awardee or his/her dependents pursuant to RA No. 9049, it is required that - in addition to the information enumerated above, a space for the following be provided:

a. SC ID No. or any other government issued ID showing the name, picture, date of birth and nationality/PWD ID No./Philippine National Sports Team (PNSTM) ID No./Solo Parent ID No./MOV ID or MOV Dependent ID No.;

Revenue Regulations No. 7-2024



b. Amount of discount showing detailed breakdown of the 5% or 20% discount and 12% VAT Exemption, whichever is applicable;

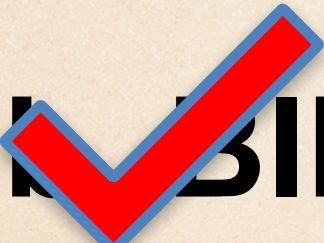
c. Signature of the Senior Citizen/PWD/NAAC/Solo Parent/MOV Awardee or his/her qualified dependent: Provided, that for qualified purchases made by Senior Citizens/PWDs online or through mobile application, their physical signatures in the Invoice are not required.

Revenue Regulations No. 7-2024



19. The following information shall be  printed at the bottom portion of the manual Invoices:

 ATP number, Outbound Correspondence Number (OCN), date issued (mm/dd/yyyy);

 BIR Permit Number (if loose leaf Invoice);

 Approved inclusive serial numbers of Invoice;

Revenue Regulations No. 7-2024



20. The following information shall be printed at the top or bottom portion of the Invoices generated from Cash Register Machine (CRM)/Point of Sale Machine (POS)/Other Similar Machines or Software:

Top portion:

a. Machine Identification Number (MIN);



b. Serial Number of the CRM/POS machine (if branded machine) and/or the Serial Number of the Hard Disk Drive and/or Software License Number (if cloned machine);

c. For reprinting of invoice, the word “REPRINT” should be prominently indicated;

Bottom portion:

d. BIR Final Permit to Use (PTU) Number.

Revenue Regulations No. 7-2024



21. The following information shall be printed at the top or bottom portion of the Invoices of the system-generated from Computerized Accounting System (CAS), Computerized Books of Accounts with Accounting Record and/or its Components and Other Similar System:

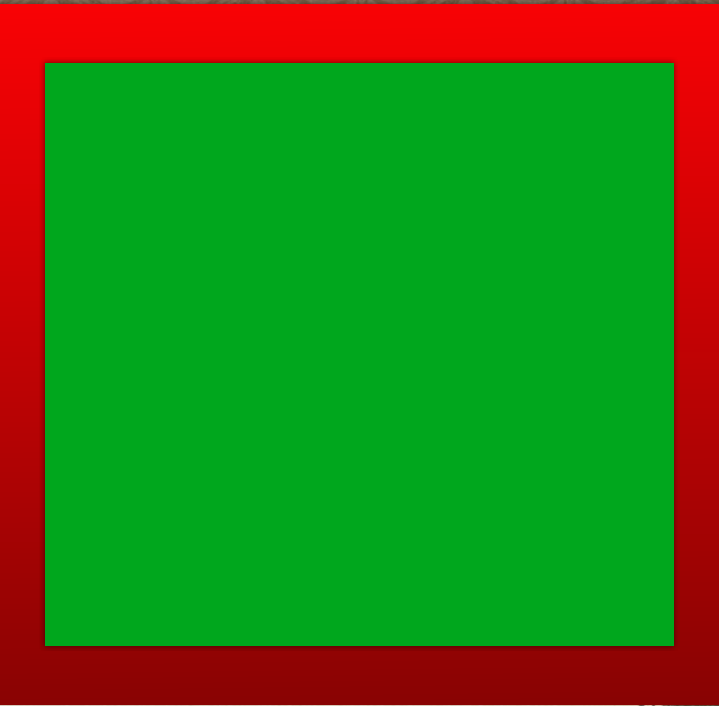

Top portion:

a. For reprinting of Invoice, the word “Reprint” should be prominently indicated;


Bottom portion:

- a. BIR Permit to Use (PTU) Number or Acknowledgement Certificate Control Number (ACCN);
- b. Series range to be used; and
- c. Date Issued (mm/dd/yyyy).

Revenue Regulations No. 7-2024






C. Tickets and other Similar Forms as Invoice – Tickets, such as transportation tickets, event tickets, amusement tickets, movie tickets, parking tickets, raffle tickets, gaming/gambling tickets, electronic tickets, and other similar tickets, regardless of form or name, including those issued by ticketing machines, shall serve as both an invoice and proof of payment, if the word "Invoice" is printed therein and it contains all the required information outlined in Section 6 (B) hereof. Otherwise, the same shall be considered as supplementary document and a separate invoice shall still be issued therefor.



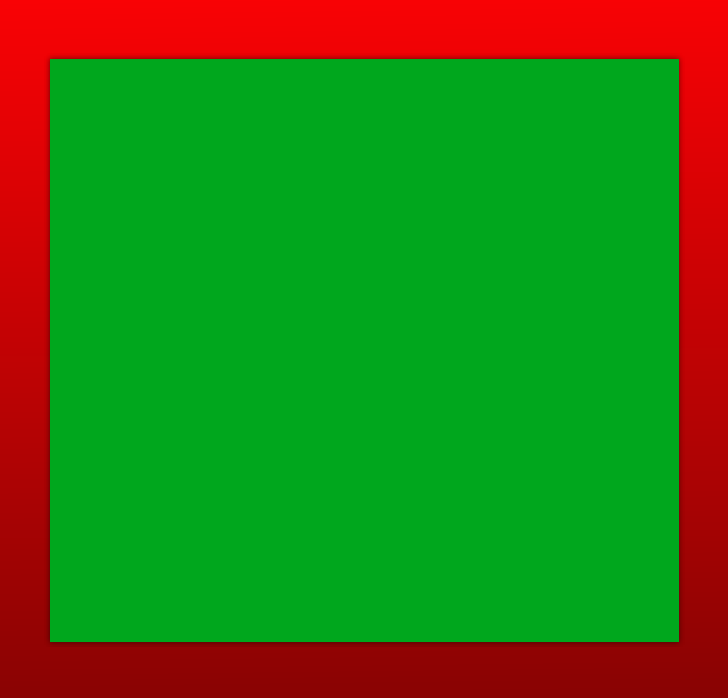
Revenue Regulations No. 7-2024

SECTION 7. Printing of Invoices under Section 238 of the Tax Code –

 1. All persons, whether private or government, who are engaged in business and will use manual invoices shall secure/apply from the BIR an Authority to Print (ATP) principal and supplementary invoices free of charge, before  Accredited Printer of Invoices can print the same.

National Government Agencies (NGAs), Government Owned and Controlled Corporation (GOCCs) and Local Government Units (LGUs),  engaged in proprietary functions shall apply for ATP in the printing of their principal and supplementary invoices.

Revenue Regulations No. 7-2024

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2. No authority to print invoices shall be granted unless the invoices to be printed are serially numbered and shall show, among other things, the name, TIN and business address of the person or entity to use the same, and such other information set forth under these Regulations.

Revenue Regulations No. 7-2024



✓ **All persons or Accredited Printers who print invoices shall maintain a logbook/register of taxpayers who availed of their printing services.**
The logbook/register shall contain the following information:

✓ **a. Names, TIN of the persons or entities for whom invoices were printed; and**

✓ **b. Number of booklets, number of sets per booklet, number of copies per set and the serial numbers of the invoices in each booklet.**

Revenue Regulations No. 7-2024

➤ SECTION 8. Transitory Provisions. –

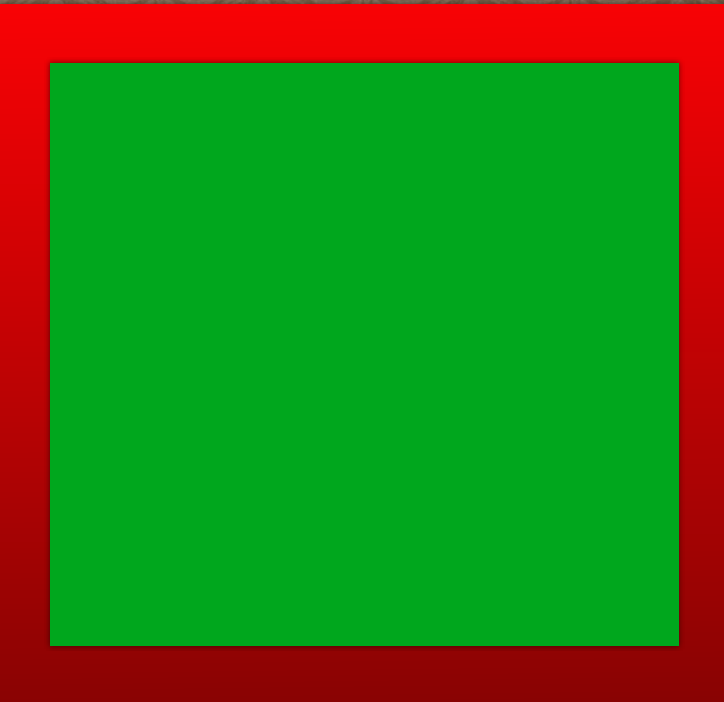
1. Certificate of Registration (COR) reflecting the Registration Fee – Business taxpayers are not required to replace its existing BIR Certificate of Registration that includes Registration Fee. The COR shall retain its validity although the Registration Fee is shown therein and taxpayers are no longer required to pay the Annual Registration Fee. Updating the COR is only necessary if there are changes to the registration information, excluding the Registration Fee, reflected on the COR.

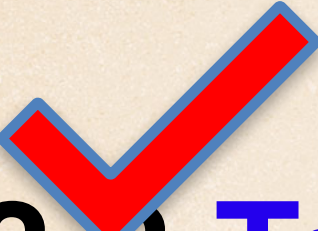


Revenue Regulations No. 7-2024

2. Unused Official Receipts –

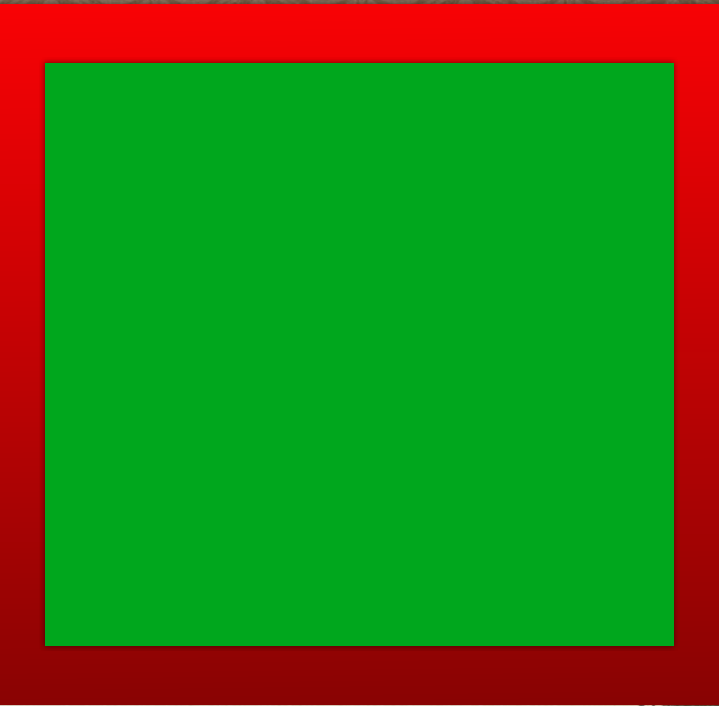

2.1 Taxpayer to continue the use of remaining Official Receipts as supplementary document. — All unused or unissued Official Receipts may still be used as supplementary document until fully consumed, provided that the phrase "THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAX." is stamped on the face of the document upon effectivity date of these Regulations. The Official Receipt, along with other equivalent documents such as Collection Receipt, Acknowledgement Receipt and Payment Receipt are all the same, serve as proof of payment that cash has been received or that payment has been collected/made for goods and/or services

Revenue Regulations No. 7-2024




 **2.2 Taxpayer to convert and use the remaining Official Receipts as Invoice.** — For ease of doing business, taxpayers  **shall be allowed to strikethrough the word "Official Receipt" [e.g., Official Receipt] on the face of the manual and loose leaf printed receipt and stamp "Invoice," "Cash Invoice," "Charge Invoice," "Credit Invoice," "Billing Invoice," "Service Invoice," or any name describing the transaction, and to be issued as primary invoice to its buyer/purchaser until December 31, 2024.** 

Revenue Regulations No. 7-2024

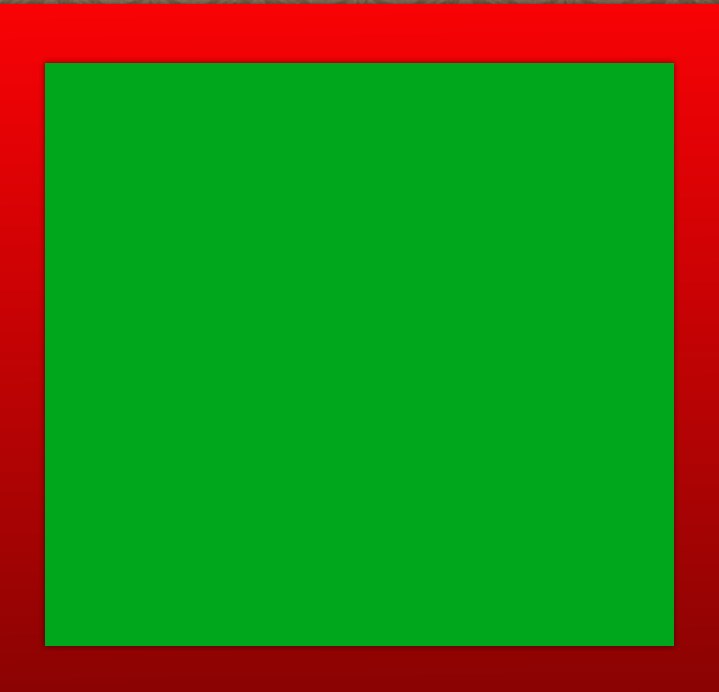



These documents shall be valid for claim of input tax by the buyer/purchaser for the period issued from January 22 to December 31, 2024, provided that the invoice to be issued bears the stamped "Invoice" and contains information required under Section 6 (B) of these Regulations.


The converted Invoice as defined in Section 2 hereof can serve as proof of sales transaction and proof of payment at the same time. Any Official Receipts, whether stamped with "Invoice" or unstamped, issued after December 31, 2024, will be considered supplementary documents as provided in Section 8 (2.1) of hereof and ineligible for input tax claims.



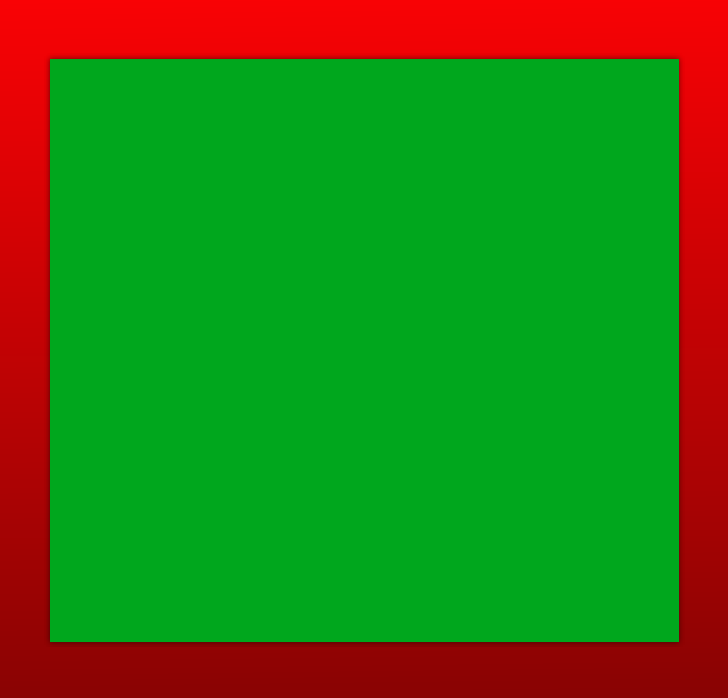
Revenue Regulations No. 7-2024







The stamping of official receipts as invoices by taxpayers does not require approval from any Revenue District Offices/LT Offices/LT Divisions but must comply with Section 8 (2.3) hereof.

 **taxpayers should obtain newly printed invoices with an Authority to Print (ATP) before fully using or consuming the converted Official Receipts or before December 31, 2024, whichever comes first.**

Revenue Regulations No. 7-2024



 2.3 Reportorial Requirement of Unused Official Receipts to be Used as Invoice Upon Effectivity of these Regulations –  All unused manual and loose leaf Official Receipts to be converted as Invoice shall be reported by submitting an inventory of unused official receipts, indicating the number of booklets and corresponding serial numbers within thirty (30) days upon effectivity of these Regulations, to the RDO/LT Office/LT Division where the Head Office or Branch Office is registered.  In duplicate original copies.  The receiving Branch RDO shall transmit the Original copy to the Head Office RDO and retain the duplicate copy.

Revenue Regulations No. 7-2024

3. Cash Register Machines (CRM) and Point-of-Sales (POS) Machines and E-receipting or Electronic Invoicing Software — Taxpayers using CRM/POS/E-receipting/E-invoicing may change the word "Official Receipt (OR)" to "Invoice," "Cash Invoice," "Charge Invoice," "Credit Invoice," "Billing Invoice," "Service Invoice," or any name describing the transaction, without the need to notify the Revenue District Office(s) having jurisdiction over the place of business of such sales machines, since the reconfiguration shall be considered as minor system enhancement which shall not require the reaccreditation of sales software/system on the part of the software supplier nor the reissuance of the Permit to Use on the part of the taxpayer-user.

Revenue Regulations No. 7-2024

3. Cash Register Machines (CRM) and Point-of-Sales (POS) Machines and E-receipting or Electronic Invoicing Software —

Provided further, that the serial number of the renamed Invoice shall start by continuing the last series of the previously approved Official Receipt and shall submit notice, indicating the starting serial number of the converted Invoice, to the RDO/LT Office/LT Division where the machines are registered, in duplicate original copies. The receiving Branch RDO shall transmit the duplicate copy to the Head Office RDO.

Revenue Regulations No. 7-2024




Taxpayers that are using duly registered Computerized Accounting System (CAS) or Computerized Books of Accounts (CBA) with Accounting Records need to revisit their system to comply with the provisions of the EOPT Act. Since the system reconfiguration will have a direct effect on the financial aspect, it shall be considered as major enhancement which will require taxpayer to update their system registration following the existing policies and procedures on filing a new application. The previously issued Acknowledgement Certificate (AC) or Permit to Use shall be surrendered to the RDO where the concerned taxpayer is registered, and a new AC shall be issued to the Head Office/Branch(es). The Annex of the AC shall indicate all the branches (if applicable) that are using the said system/software and the sets of series of accountable forms (Invoice) to be used by each of the branches, if applicable.

Revenue Regulations No. 7-2024

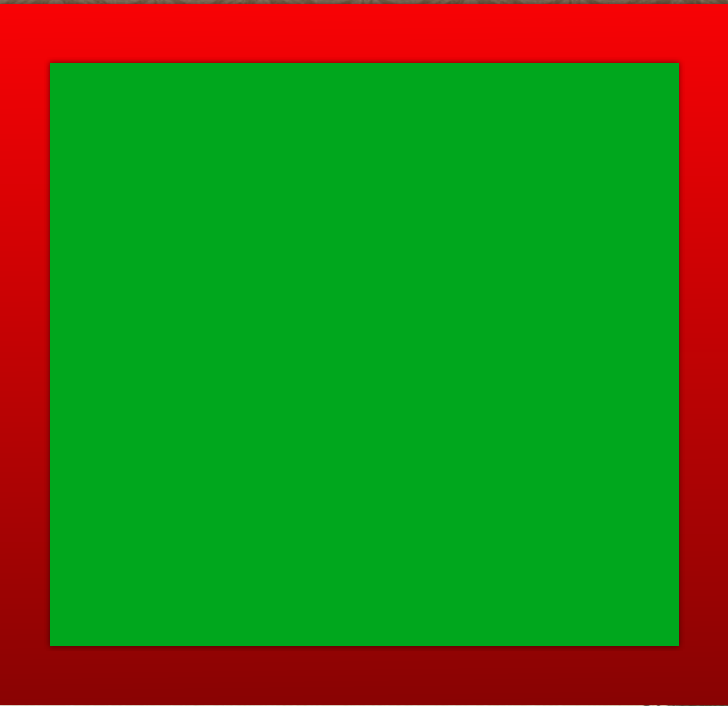

In order to provide ample time in reconfiguring machines and systems, adjustments shall be undertaken on or before June 30, 2024. Any extension due to enhancements of system shall seek approval from the concerned Regional Director or Assistant Commissioner of the Large Taxpayers Service which shall not be longer than six (6) months from the effectivity of these Regulations.

Revenue Regulations No. 7-2024



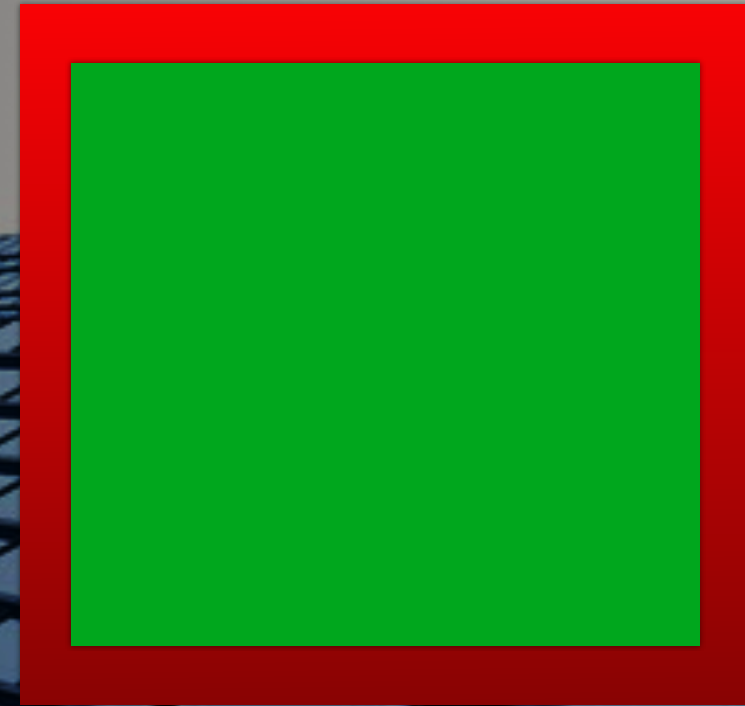
 Documents issued by CRM/POS and CAS e-receipting or electronic invoicing software containing the  word “Official Receipt” beginning the effectivity of these Regulations  shall not be considered as valid for claim of input tax by the buyer/purchaser.

Revenue Regulations No. 7-2024



Issuance of "Official Receipt" for the sale of goods or services after June 30, 2024 will not be considered as evidence of sales of goods or services and shall be tantamount to failure to issue or non-issuance of Invoice required under Section 6 (A) hereof subject to penalty of not less than One Thousand Pesos (Php1,000.00) but not more than Fifty Thousand Pesos (Php50,000.00) and suffer imprisonment of not less than two (2) years but not more than four (4) years pursuant to Section 264 (a) of the Tax Code.

Revenue Regulations No. 8-2024


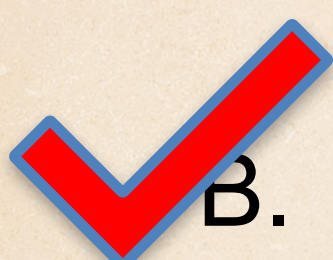




Implementing Section 21 (b) of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 11976, Otherwise Known as the "Ease of Paying Taxes Act," on the Classification of Taxpayers

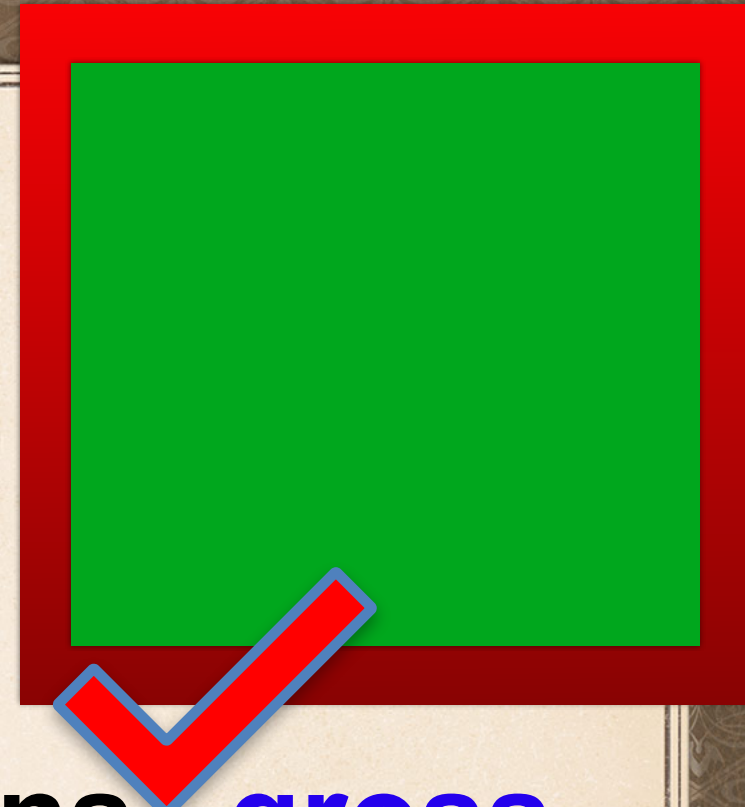
Revenue Regulations No. 8-2024




➤ **SECTION 2.  COVERAGE AND CLASSIFICATION OF TAXPAYERS.** – Taxpayers shall be classified, and be covered by these regulations, as follows:

-  A. **Micro Taxpayer** – shall refer to a taxable person whose gross sales for a taxable year is less than Three Million Pesos (₱ 3,000,000.00).
-  B. **Small Taxpayer** – shall refer to a taxable person whose gross sales for a taxable year is Three Million Pesos (₱ 3,000,000.00) to less than Twenty Million Pesos (₱ 20,000,000.00).
-  C. **Medium Taxpayer** - shall refer to a taxable person whose gross sales for a taxable year is Twenty Million Pesos (₱ 20,000,000.00) to less than One Billion Pesos (₱1,000,000,000.00)
-  D. **Large Taxpayer** - shall refer to a taxable person whose gross sales for a taxable year is One Billion Pesos (₱ 1,000,000,000.00) and above.

Revenue Regulations No. 8-2024



For purposes of classification of taxpayers under these regulations, gross sales shall refer to total sales revenue, net of vat, if applicable, during the taxable year, without any other deductions.

 Gross sales shall refer to business income, excluding compensation income earned under employer-employee relationship, passive income under Sections 24, 25, 27 and 28, and income excluded under Section 32(B), all of the Tax Code.

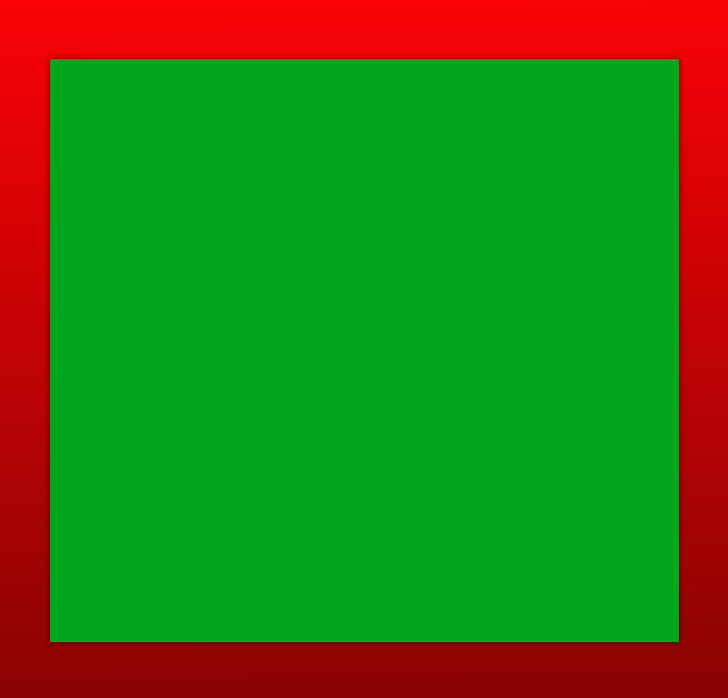


Business income shall include income from the conduct of trade or business or the exercise of a profession.

Revenue Regulations No. 8-2024

✓ **SECTION 3. INITIAL CLASSIFICATION OF TAXPAYERS. -**
Taxpayers who will register to engage in business or practice of profession upon the effectivity of these Regulations shall initially be classified based on its declaration in the Registration Forms starting from the year they registered, and shall remain as such unless reclassified.

The concerned taxpayer shall be reclassified in accordance with the threshold values as stated under Section 2 of these Regulations.

Revenue Regulations No. 8-2024

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- **SECTION 4. NOTIFICATION ON THE CLASSIFICATION/ RECLASSIFICATION.**  Taxpayers shall be duly notified of their classification or reclassification as may be applicable by BIR office in  manner or procedure to be prescribed in a revenue issuance to be issued separately.

Revenue Regulations No. 8-2024



➤ **SECTION 5. TRANSITORY PROVISIONS.** - Taxpayers registered in 2022 and prior years shall be classified on the basis of their gross sales for the taxable year 2022.

For taxpayers registered in 2022 and prior years but without any submitted information on their gross sales for taxable year 2022, and taxpayers registered in 2023 or in 2024 before the effectivity of these Regulations, they shall initially be classified as MICRO, except VAT-registered taxpayers, who shall be classified as SMALL.

THANK YOU!

**For questions or clarifications, you can contact
us:**

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Contact No: 02-7586-8909

