

QUALITY ASSURANCE BULLETIN APRIL 2024

# EASE OF PAYING TAXES (EOPT) ACT



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QUALITY ASSURANCE  
BULLETIN



## BIR REVENUE REGULATIONS ("RR")

RR No. 3 - 2024 implements the amendments introduced by Republic Act. No. 11976 (Ease of Paying Taxes), on relevant provision of title IV - Value-Added Tax (VAT) and Title V - Percentage Tax of the NIRC of 1997, as amended

# RR NO. 3-2024 DATED MARCH 22, 2024

## I. GENERAL AMENDMENTS

**A. Gross sales** – The EOPT Act adopts the accrual basis of recognizing sales for both sales of goods and services. 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 or for services.

**B. Invoice** – 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”**.

**C. Billings for sale of service on account** – all references to receipts or payments which was previously the basis for the recognition of sales or services 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.

**D. VAT-exempt threshold** – all provisions mentioning the VAT-exempt threshold of three million pesos (P3,000,000.00) shall be read as “the amount of VAT threshold herein stated shall now be adjusted to its present value every three (3) years using the Consumer Price Index (CPI), as published by the Philippine Statistics Authority (PSA)”.

**E. 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.





## BIR REVENUE REGULATIONS ("RR")

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# II. SPECIFIC AMENDMENTS TO SALE OR EXCHANGE OF SERVICES UNDER SECTION 108 OF THE TAX CODE

The 12% value-added tax (VAT) applies to the **gross sales (excluding VAT)** of services sold or exchanged, and to the use or lease of properties.

## A. Definition of Gross Sales

- Total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty.
- Includes the amount charged for materials supplied with the services, which the buyer is obligated to pay to the seller in consideration of the services rendered by the latter (excluding VAT).
- Amounts earmarked for payment to 3rd party or received as reimbursement for payment on behalf of another which do not redound to the benefit of the seller.

## B. Allowable Deduction to Gross Selling Price

- The value of services rendered for which allowances were granted by the VAT-registered seller during the quarter in which a refund is made or a credit memorandum of refund is issued.
- Sales discount granted and indicated in the invoice at the time of sale and the grant is not dependent on the happening of a future event.





## BIR REVENUE REGULATIONS ("RR")

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# III. SPECIFIC AMENDMENTS TO VAT - EXEMPT TRANSACTION

The following transactions shall be exempt from value-added tax.

- Sale or lease of goods or properties or the performance of services in which the gross annual sales do not exceed 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.**

- Self-employed individuals and professionals **availing the 8% tax** on gross sales and other non-operating income.

# IV. SPECIFIC AMENDMENTS TO TAX CREDIT

The seller of goods services debut may deduct an output VAT pertaining to uncollected receivables from its output VAT if the uncollected receivables has not been already claimed as allowable deduction.

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

- The sale or exchange has taken place after the effectivity of these Regulations.
- The sale is on credit or on account.
- There is a written agreement on the period to pay the receivable, i.e., credit term is indicated in the invoice or any document showing the credit term.
- The VAT is separately shown on the invoice.
- The sale is specifically reported in the Summary List of Sales covering the period when the sale was made and not reported as "various" sales.
- The seller declared in the tax return the corresponding output VAT indicated in the invoice within the period prescribed under existing rules.
- The period agreed upon, whether extended or not, has elapsed.
- The VAT component of the uncollected receivable was not claimed as deduction from gross income (i.e., bad debt).

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## V. SPECIFIC AMENDMENTS TO CLAIMS & REFUND/ TAX CREDIT CERTIFICATE OF INPUT TAX

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

A VAT-registered person whose sale of goods, properties or services are zero-rated or effectively zero-rated may apply for the issuance of tax refund of input tax. The application for this refund should be made two (2) years after the taxable year in which the sales occurred.

- Cancellation of VAT Registration

A VAT-registered person may apply for the issuance of tax credit certificate or cash refund for any unused input tax when the registration has been cancelled due to retirement from cessation of business or due changes in or cessation of status.

- Where to file the claim for refund/credit

The claim for tax credits or refunds shall be filed with the appropriate BIR Office designated by the Commissioner of Internal Revenue.

- Period within which refund or credit of input taxes shall be made

The Commissioner of Internal Revenue shall grant a refund within ninety (90) days from the date of submissions of invoices and other documents in support of the application.

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

The VAT refund claims are classified into low, medium, and high risk with the classification based on the amount of the VAT refund claim.

- Manner of giving refund

The taxpayer shall be liable for the disallowed amount without prejudice to any administrative liability on the part of the BIR employee of the BIR who may be found to be grossly negligent in the grant of refund.

- Automatic Appropriation

An amount equivalent to five percent (5%) of the total VAT collection of the BIR and the BOC shall be automatically appropriated annually for the purposes of funding claims for VAT refund.

- Quarterly Report

The BIR and BOC is required to submit the Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRP).



## BIR REVENUE REGULATIONS ("RR")

RR No. 3 - 2024 implements the amendments introduced by Republic Act. No. 11976 (Ease of Paying Taxes), on relevant provision of title IV - Value-Added Tax (VAT) and Title V - Percentage Tax of the NIRC of 1997, as amended

# VI. TRANSITORY PROVISION

## A. Billed but uncollected sales of services

- RR No. 3-2024 shall apply to sale of services that transpired upon its effectivity.
- For outstanding receivables on services rendered prior to the effectivity of these Regulations, the corresponding output VAT shall only be declared in the quarterly VAT return when the collection was made. The collection shall be supported with an Invoice following the transitory provisions contained in the RR for invoicing requirements to implement the EOPT Act (RR 7-2024) or the new BIR-approved set of Invoices, whichever is applicable.

## B. Uncollected receivables from sales of goods

- 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 prior to the effectivity of these Regulations.





## BIR REVENUE REGULATIONS ("RR")

RR No. 4 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on Filing of Tax Returns and Payment Taxes and Other Matters Affecting the Declaration of Taxable Income

# RR NO. 4-2024 DATED MARCH 22, 2024

## I. FILLING OF TAX RETURNS AND PAYING OF TAXES

- May now be done regardless of venue or jurisdiction.
- Filing of tax returns will be done electronically in any of the available electronic platforms. In case of unavailability, manual filing may be allowed.
- Tax payments will either be done made electronically in any of the available electronic platforms or manually to any Authorized Agent Banks (AABs) and Revenue Collection Officers (RCOs).
- AABs and RCOs shall only accept tax payments manually after taxpayers have already electronically filed their tax returns, unless an advisory is issued allowing manual filing.

## II. CIVIL PENALTY ON WRONG VENUE FILING

- The **civil penalty of 25% of the amount due** in case of filing a tax return with an internal revenue officer other than those with whom the return is required to be filed (i.e., wrong venue filing), will no longer be imposed.

## III. INDIVIDUALS NOT REQUIRED TO FILE INCOME TAX RETURN

- An individual citizen of the Philippines who is working and deriving income solely from abroad as an "Overseas Contract Worker" (OCW) or "Overseas Filipino Worker" (OFW) is not required to file annual income tax return.

## BIR REVENUE REGULATIONS ("RR")

RR No. 4 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on Filing of Tax Returns and Payment Taxes and Other Matters Affecting the Declaration of Taxable Income

# IV. REQUIREMENTS FOR DEDUCTIBILITY OF CERTAIN PAYMENT OF EXPENSES

- The requirement on withholding tax for deductibility of expenses is repealed.
- The obligation to withhold tax on certain income payments and remit the same remains.

# V. TIMING OF WITHHOLDING

- The obligation to withhold arises at the time the income has become payable.
- The term “payable” refers to the date the obligation becomes due, demandable or legally enforceable. The obligation to deduct and withhold tax arises at the time an income payment is accrued or recorded as an expense or asset, whichever is applicable, in the payor’s books or at the issuance by the seller of the sales invoices or other adequate document to support such payable, whichever comes first



## BIR REVENUE REGULATIONS ("RR")

RR No. 5-2024 implements amendments brought by the Ease of Paying Taxes Act on Tax Refunds

# RR NO. 5-2024 DATED MARCH 22, 2024

## I. VAT REFUND CLAIMS UNDER SECTION 112(A) OF THE TAX CODE

The following rules shall be followed to implement the risk-based approach in verifying VAT refund claims of taxpayers:

- Refunds shall be classified into low, medium, and high-risk claims depending on the amount of VAT refund claim, frequency of VAT refund claims, tax compliance history and other risk factors.
- The scope of verification in accordance with the identified risks shall be as follows:

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

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



## BIR REVENUE REGULATIONS ("RR")

RR No. 5-2024 implements amendments brought by the Ease of Paying Taxes Act on Tax Refunds

- e. VAT credit/refund claims for any unused input tax 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 shall be classified as high-risk and will require full verification.
- f. Taxpayer-claimants filing on a quarterly basis. The risk classification shall be made for every filing.

## II. APPEAL TO THE COURT OF TAX APPEALS (CTA)

The following rules shall be followed to implement the risk-based approach in verifying VAT refund claims of taxpayers:

- a. Appeal to the CTA within the 30-day period after the expiration of the 90 days required by law to process the claim. In such case, the administrative claim for refund shall be considered moot and shall no longer be processed; or
- b. Forego the judicial remedy and await the final decision of the Commissioner on the application of VAT refund claim.

## III. LIABILITY OF THE TAXPAYER-CLAIMANTS AND BIR OFFICIALS/EMPLOYEES IN CASE OF COA DISALLOWANCES

In case of approval of VAT refund, all documentary requirements will be subject to post-audit by Commission of Audit (COA). 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.

## **BIR REVENUE REGULATIONS ("RR")**

RR No. 5-2024 implements amendments brought by the Ease of Paying Taxes Act on Tax Refunds

# **IV. CREDIT/REFUND OF UNUTILIZED EXCESS INCOME TAX CREDIT UNDER SECTION 76(C)**

- **Regular Claims of Taxpayers of “going-concern” status**

- a. Requisites for Refund:

- i. The filing of claim for Tax Credit Certificate (TCC)/refund must be made within two (2) years from the date of filing of the AITR.

- ii. 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.

- iii. Fact of withholding is established by a copy of the withholding tax certificate 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.

- b. 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.

- c. 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.

- d. From the submission of complete documents, the BIR has 180 days to process and decide on the refund of the excess income tax credit.

## **BIR REVENUE REGULATIONS ("RR")**

### **RR No. 5-2024 implements amendments brought by the Ease of Paying Taxes Act on Tax Refunds**

- **Claims in case of Dissolution or Cessation of Business**

- a. 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.
- b. As an exception to the above 180-day period, the 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.
- c. 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.
- d. 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.

## **V. REFUND OF ERRONEOUSLY RECEIVED OR COLLECTED TAXES OR PENALTY UNDER SECTIONS 204(C) AND 229 OF THE TAX CODE**

- **Requisites for the claims of tax credit/refund of erroneously received or collected taxes or penalty:**

- a. The tax credit/refund claim pertains to erroneously or illegally received or collected taxes or penalties imposed without authority.
- b. Filing of the claim 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 BIR.



### BIR REVENUE REGULATIONS ("RR")

#### RR No. 5-2024 implements amendments brought by the Ease of Paying Taxes Act on Tax Refunds

- The return filed showing an overpayment shall be considered as a written claim for credit/refund. From the time of submission of complete documents, the BIR has 180 days to process and decide the tax refund. The 180 days shall be 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.
- In case of full or partial denial of the refund claims, the taxpayer may appeal to the Court of Tax Appeals (CTA) within thirty (30) days from the receipt of the decision denying the claim. However, in case of inaction of the CIR within the 180-day period, the taxpayer has the following options:
  - a. Law to process the claim. In such case, the administrative claim for refund shall be considered moot and shall no longer be processed; or Appeal to the CTA within the 30-day period after the expiration if the 180 days required by
  - b. Forego the judicial remedy and await the final decision of the Commissioner on the application of refund claim.

### BIR REVENUE REGULATIONS ("RR")

#### RR No. 6 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Imposition of Reduced Interest and Penalty Rates for Micro and Small Taxpayers

## RR NO. 6-2024 DATED MARCH 22, 2024

For taxpayers classified as micro and small taxpayers, the following reduced civil penalties shall be applied in case of the respective non-compliance:

- **Reduced Surcharge - 10%**

- In addition to the tax required to be paid, a penalty equivalent to ten percent (10%) of the amount due, in the following cases:



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## BIR REVENUE REGULATIONS ("RR")

### RR No. 6 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Imposition of Reduced Interest and Penalty Rates for Micro and Small Taxpayers

1. 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.
2. No penalty shall be imposed to an amendment of a tax return if the covered taxpayers filed and paid the initial tax return within the prescribed due date for its filing and payment.
3. Failure to pay the deficiency tax within the time prescribed for its payment in the notice of assessment.
4. Failure to pay the full or part of the amount of tax shown on any tax return required to be filed under the provision 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.

The surcharge for willful neglect to file a return, or for false or fraudulent return remains to be fifty percent (50%).

- **Reduced Interest - 50%**

- There shall be assessed and collected on any unpaid amount of tax by the covered taxpayers, an interest at the reduced rate of fifty percent (50%) of the interest rate (12%) mandated.

- **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 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 of 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)

- **Compromise Penalty**

- In case of criminal violation by covered taxpayers not involving fraud, a reduced compromise penalty rate of fifty percent (50%) of the applicable rate or amount of compromise under Annex A of Revenue Memorandum Order (RMO) No. 7-2015, and its subsequent amendments, if any, shall be applied.

**BIR REVENUE REGULATIONS ("RR")**

RR No. 7 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Registration Procedures and Invoicing Requirements

# RR NO. 7-2024 DATED MARCH 22, 2024

**Definition of Terms**

A. Invoice is a record of evidencing the sale of goods/services issued by the seller to the customer in the ordinary course of trade or business such as:

**I. Sales Invoice****II. Commercial Invoice****III. Cash Invoice****IV. Change/Credit Invoice****V. Service Invoice****VI. Miscellaneous Invoice**

It is also known as “principal invoice”. It is also categorized as the following:

**• Vat Invoice**

- is a record of evidencing the sale of goods, properties, services and/or leasing of properties subject to VAT issued by the seller to the customer in the ordinary course of trade or business. It must be the basis of the output tax liability of the seller and the input tax claim of the buyer or purchaser.

**• Non-Vat Invoice**

- is a record of evidencing the sale of goods, properties, services and/or leasing of properties subject to VAT issued by the seller to the customer in the ordinary course of trade or business. It must be the basis of the Percentage Tax liability of the seller.

B. Supplementary Document is a written document which serves as a supporting document for the accounting entries in the books of accounts, aside from the sales invoice.

**I. Official Receipt****II. Delivery Receipt****III. Order Slip****IV. Debit/Credit Memo****V. Purchase Order****VI. Acknowledgement/Cash Receipt****VII. Collection Receipt****VIII. Bill of Landing****IX. Billing Statement****X. Statement Account**

In VAT, supplementary documents are not allowed to be used as proof to support claim of input taxes by the buyers of good/services.



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## **BIR REVENUE REGULATIONS ("RR")**

**RR No. 7 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Registration Procedures and Invoicing Requirements**

### **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 for VAT must comply the following:

#### **• Invoicing Requirements**

- I. A VAT registered taxpayer must issue a duly registered VAT Invoice for every sale transactions of goods/services.
- II. A VAT Invoice must be issued as proof of sale of goods/services in the ordinary course of business/trade. It shall be the basis of the output tax liability of the seller and the input tax of the buyer.

#### **• Information Contained in a VAT Invoice**

- III. The seller's TIN No. and Branch Code (e.g., VAT Reg TIN 123-456-789-00000), to determine if the seller is a VAT-registered person.
- IV. The total amount of the purchased goods or acquired services including the VAT amount; given that:
  - A. The VAT amount is shown as a separate item
  - B. The term "VAT-Exempt Sale" is written or printed, if the sale is exempt from VAT
  - C. The term "Zero-Rated Sale" is written or printed, if the sale is subject to 0% VAT.
  - D. The invoice shall clearly indicate the breakdown of the sales price between taxable, exempt and zero-rated components and the calculation of VAT on each portion of the sale. The seller may issue separate invoices for the taxable, exempt and zero-rated components of the sale.
  - E. The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service.
  - F. If the sales is in the amount of One Thousand pesos (P1,000) or more, the registered name, address and TIN of the purchaser shall be indicated.

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**BIR REVENUE REGULATIONS ("RR")**

**RR No. 7 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Registration Procedures and Invoicing Requirements**

- **Accounting Requirements**

I. All VAT-registered persons must maintain subsidiary sales journal and subsidiary purchase journal on which the daily sales and purchase are recorded.

- **Consequence of Issuing Erroneous VAT Invoice**

I. If a person who are not VAT-registered and issued a VAT Invoice shall be liable to (a) VAT imposed under Section 106 or 108 of NIRC code of 1997, without the benefit of any input tax credit and (b) a fifty percent (50%) surcharge under Section 248(B) of the NIRC code of 1997.

II. A VAT-registered person issuing a VAT Invoice for a VAT-Exempt transaction failed to put the term "VAT-Exempt Sale" or clearly provide a breakdown of the VAT-Exempt Sale on the invoice, shall be liable for the VAT.

III. If a VAT-registered person issued a VAT Invoice to another VAT-registered person with lack of information required, the Seller shall be liable for the non-compliance with the invoicing requirements. But, the VAT amount shall still be allowed to be used as an input tax credit on the part of the purchaser, except if the lack of information pertains to any of the following:

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

**Preservation of Books of Accounts and Other Accounting Records under  
Section 235 of the Tax Code**

- **Preservation**

- All Books of Accounts shall be preserved by the taxpayer for a period of five (5) years 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.

## BIR REVENUE REGULATIONS ("RR")

RR No. 7 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Registration Procedures and Invoicing Requirements

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

If the Tax Code required a longer period of retention, the Certified Public Accountant (CPA) who audited the records and certified the financial statements of the taxpayer, has the responsibility to also maintain and preserve electronic copies of the Audited 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 date of actual filing, whichever is later.

### • Examination and Inspection

- All books, registers, records, vouchers, and other supporting papers and documents issued by the BIR and other permits/records kept by the taxpayers shall be present at all times in the place of business of the taxpayer, subject to inspection by any internal revenue officer upon demand or must be immediately produced and submitted for inspection.

### Issuance of Invoices under Section 237 of the Tax Code

#### • Issuance

- Taxpayers that are subject to internal revenue tax and sold or rendered goods/services amounting to five hundred pesos (Php500.00) or more shall issue duly registered invoices, showing the required information such as name, tax identification number, date of transaction, quantity, unit cost, and description/particular of the goods or the service.
- The amount of Php500.00 shall be adjusted to its present values every three (3) years based on the Consumer Price Index by the Philippine Statistics Authority (PSA)
- The seller must issue Invoice if the buyer requested it regardless of the amount of transaction. But, if the sales amount per transaction is below the threshold but the aggregate sales or the total collected sales amount at the end of the day is at least five hundred pesos (Php500.00), the seller will issue one (1) invoice for that aggregate sales amount for such sales at the end of the day.
- The VAT-registered persons shall issue duly registered invoice regardless the amount of the sale of goods/services.



## BIR REVENUE REGULATIONS ("RR")

RR No. 7 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Registration Procedures and Invoicing Requirements

### • Transitory Provisions

#### Certificate of Registration (COR) reflecting the Registration Fee

- It is not required to replace the existing COR that has Registration Fee. The COR is still valid even though the Registration Fee is still present therein and the taxpayers are no longer required to pay such Registration Fee. The taxpayer may update the COR if it is necessary to change such registration information.

#### Unused Official Receipts

- The taxpayers may continue to use the remaining Official Receipts as supplementary document provided that the phrase **"THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAX"** is indicated/stamped on the mentioned document upon effectivity of these Regulations. It will serve as an equivalent document to Collection Receipt, Acknowledgement Receipt, and Payment Receipt as proof of payment of cash receipt/collected.
- The taxpayers are allowed to convert such Official Receipts as Invoices by striking out the word "Official Receipt" [e.g. Official Receipt] on the manual and loose leaf printed receipt and stamp "Invoice" or any name describing the transaction. It is valid to be issued as **primary invoice until December 31, 2024**.
- The converted Official Receipt shall be **valid as supporting document in claiming input tax by the buyer for the period issued from January 22 to December 31, 2024**, provided that the invoice issued has stamped "Invoice" and contains information required.
- The reportorial requirement of Unused Official Receipts to be used as Invoice upon effectivity of these Regulations 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 date of these Regulations**.



## BIR REVENUE REGULATIONS ("RR")

RR No. 7 - 2024 implements the amendments brought by the Ease of Paying Taxes Act on the Registration Procedures and Invoicing Requirements

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

- The taxpayers that are using **CRM/POS/E-receipting/invoicing** may change the word **“Official Receipt”** to **“Invoice”** or any name describing the transaction. Moreover, the taxpayer must submit a notice, indicating the starting serial number of the converted Invoice/s to RDO/LT Office/LT Division where the machines are registered.
- The Computerized Accounting System (CAS) or Computerized Books of Accounts (CBA) with accounting records of the taxpayers are **needed to be reassessed to comply with the EOPT Act**. Since there are restructuring with the system and will have a possible direct effect on the financial aspect of the taxpayers, the taxpayers are **required to update their system registration following the existing policies and procedures of filing the new application**.
- To have ample time in restructuring the systems and machines, the **updating of systems shall be undertaken on or before June 30, 2024**. The approval of the concerned Regional Director/Assistant Commissioner of the Large Taxpayers Service is vital in requesting extension due to updating of systems which shall not be longer than six (6) months.
- The issued e-receipting or electronic invoicing software by CRM/POS that has the word “Official Receipt” starting the effectivity of these Regulations **shall not be considered as valid for claiming the input tax by the buyer**.
- The issuance of “Official Receipt” for the sale of goods/services after June 30, 2024 shall **no longer be considered as evidence of sales of goods/services**. With that, the transaction will be considered as failure to issue or non-issuance of Invoice and will be **subject to penalty of not less than One Thousand Pesos (Php1,000.00) but not more than Fifty Thousand Pesos (Php50,000.00) and will be subject to imprisonment of not less than two (2) years but not more than four (4) years** in accordance to Section 264(a) of the Tax Code.





## BIR REVENUE REGULATIONS ("RR")

RR No. 8-2024 implements amendments brought by the Ease of Paying Taxes Act on the Classification of Taxpayers

# RR NO. 8-2024 DATED MARCH 22, 2024

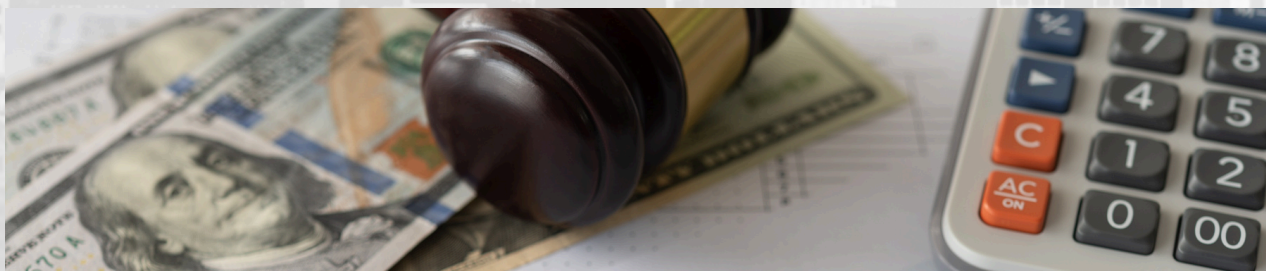
## Classification of Taxpayers

Taxpayers shall be classified as follows:

- A. Micro Taxpayer** – Taxpayer whose gross sales for a taxable year is *less than Three Million Pesos (₱3,000,000.00)*.
- B. Small Taxpayer** – Taxpayer 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** – Taxpayer 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** – Taxpayer whose gross sales for a taxable year is *One Billion Pesos (₱1,000,000,000.00) and above*.

**Gross sales** shall refer to total sales revenue, net of VAT, if applicable, during the taxable year, without any other deductions. It only covers business income which includes income from the conduct of trade or business or the exercise of a profession. It does not include the following:

- A. Compensation income earned under employee-employer relationship;
- B. Passive income under Section 23, 25, 27, and 28 under Tax Code, as amended; and
- C. Income excluded under Section 32(B), under Tax Code, as amended.



Taxpayers shall be duly notified by the BIR of their classification or reclassification, as may be applicable, in a manner or procedure to be prescribed in a revenue issuance to be issued separately.



## SERVICES OFFERED

### TAX ASSESSMENT AND REPRESENTATION

We specialize in guiding clients through BIR and LGU audits, ensuring proper documentation and protecting taxpayers' rights to prevent unjust assessments.

### BUSINESS SET-UP AND REGISTRATION

We assist in establishing businesses in the Philippines by liaising with regulatory agencies such as SEC, BIR, CDA, and LGU, and help secure employer registrations with SSS, PHIC, and HDMF.

### BUSINESS CLOSURE

We assist clients in smoothly ceasing their businesses by coordinating with LGUs for retirement, securing tax clearance from the BIR, and obtaining dissolution approval from the SEC.

### TAX CONSULTANCY AND ADVISORY

We conduct tax studies, offering clients guidance on transaction-specific tax consequences based on applicable laws, regulations, court judgments, and relevant issuances.

### CORPORATE RESTRUCTURING

We help implement various corporate restructuring arrangements such as increase or decrease of capital stock, conversion of debt to equity, and any other amendments to an entity's Articles of Incorporation and By-Laws.

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