



Salient Features of RA 11976 (EOPT ACT)



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REPUBLIC ACT NO. 8424

RA 8424

TRAIN LAW
The Tax Reform for Acceleration and Inclusion



RA 10963

**CREATE
LAW**

RA 11534



RA 11576

Declaration of Policy

Sec 2 EOPT Law



1. To provide a healthy environment for the taxpaying public that **protects and safeguards taxpayers' rights and welfare;**
2. To **modernize the tax administration** and improve its efficiency and effectiveness by providing mechanisms that encourage and proper and easy compliance at the least cost and resources possible;
3. To **update the taxation system, adopt best practices, and replaces antiquated procedures;** and
4. To enact policies and procedures, which are **appropriate to different type of taxpayers.**

EOPT Salient Features



EOPT Salient Features

1. New classification of taxpayers
2. Repealed W-Tax as requirement for deductibility
3. Filing of return and paying taxes
 - 3.1 Filing and payment of Income Tax
 - 3.2 Filing and remittance of W-Tax
 - 3.3 Filing and payment of Estate tax
 - 3.4 Filing and payment of Donor's tax
 - 3.5 Filing and Payment of DST
 - 3.6 Filing and Payment of Percentage Tax
 - 3.7 Filing and Payment of VAT



EOPT Salient Features

4. Computation of VAT on goods and Services
 - 4.1 Uniform VAT Liability for sale of goods and services
 - 4.2 Use of Sales Invoice for sale of goods and services
 - 4.3 Substantiating claim for Input VAT
 - 4.4 Output Tax on Uncollected Receivables
 - 4.5 Classification of VAT refunds
5. Annual Registration Fee abolished
6. Registration Requirements
7. Preservation of Books
8. Power to suspend operation



1. New Classification of Taxpayers



Sec 3 EOPT/Sec 21 NIRC

Classification of Taxpayers

Sec 3 EOPT Law



Added Sec 21(b) as a new subsection of Section 21

Sec 21(b) Classification of taxpayers – For purposes of responsive tax administration, taxpayers shall be classified as follows:

Micro – Gross Sales of less than 3M

Small – Gross Sales of 3M to less than 20M

Medium – Gross Sales of 20M to less than 1B

Large – Gross Sales of 1B & above

OLD NIRC: No such provision.

Based on certain criteria some taxpayers were classified as Large Taxpayer through Revenue Regulations. All the rest were considered non-large taxpayers.

Concessions for Micro & Small TP

Sec 45 EOPT



Concessions available to Micro and Small Taxpayers

- (a) **ITR shall consist of a maximum of two (2) pages**
- (b) **Reduced civil penalties of 10% of amount due (Sec 248)**
- (c) **50% reduction of interest rate (Sec 249)**
- (d) **P500 penalty failure to file info returns (Sec 250)**
- (e) **50% of compromise penalty on erroneous invoicing (Sec 113); Issuance of invoices (Sec 237); Printing of invoices (Sec 238)**

OLD NIRC: Penalties imposed on all taxpayers

- (a) **ITR shall consist of a maximum of four (4) pages (Sec 51A5)**
- (b) **25% of amount due on Civil Penalties (Sec 248)**
- (c) **interest double the BSP legal interest rate for loans (Sec 249)**
- (d) **P1,000 penalty failure to file certain info returns (Sec 250)**
- (e) **50% surcharge on erroneous invoicing (Sec 113); penalties Issuance of invoices (Sec 237); Printing of invoices (Sec 238)**

2. W-Tax on Deductibility, Repealed



Sec 5 EOPT /Sec 34K NIRC

Rule of No W-Tax on Deductibility

Sec 5 EOPT



Section 34K REPEALED and the succeeding paragraph renumbered.

OLD NIRC Section 34K :

Any amount paid or payable which is otherwise deductible from or taken into account in computing gross income or for which depreciation or amortization may be allowed under this section shall be allowed as a deduction only if it is shown that the tax required to be deducted and withheld therefrom has been paid to the BIR.

3 Filing of Return and Payment of Tax



Sec 4 EOPT/ Sec 22 NIRC

Definitions

Sec 4 EOPT



Section 22 added (KK) and (LL)

(KK) 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 exiting rules and regulations.

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

OLD NIRC: Sections 22(KK) and 22(LL) – no such provisions

MicroTaxpayers as W-Tax Agent

Sec 8 Last Phrase EOPT (Vetoed)



Sec 57 Withholding Tax at Source:

(A) x x x

(B} x x x

(C) x x x

The Dept of Finance shall review at least once every three years, regulations and processes for the withholding of creditable tax under this Code, and direct the BIR to amend rules and regulations for the same, should it be found during the review that the existing rules, regulations and processes for the withholding of creditable tax under this Code adversely and materially impact the taxpayer:

Provided, That micro taxpayers shall not be required to withhold taxes under Subsec (b) of this Section. This last phrase was VETOED BY THE PRES FRM, JR .

OLD NIRC : NO SUCH PROVISION. NEW Paragraph added below Sec 57(C)

3.1 File and Pay Income Tax Anywhere



Sec 6, 11, 41 EOPT/ Sec 51,77 NIRC

Individual Income Tax

Sec 6 EOPT



Sec 51(B) Where to file-

Except in cases where the Commissioner otherwise permits, the return shall be filed with any authorized agent bank, Revenue District Office through Revenue Collection Officer, or authorized tax software provider.

OLD NIRC: Sec 51(B) Where to file-

Except in cases where the Commissioner otherwise permits, the return shall be filed with an authorized agent bank, Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality in which such person has his legal residence or principal place of business in the Philippines, or if there be no legal residence, or place of business in the Philippines, with the office of the Commissioner.

Corporate Income Tax

Sec 11 EOPT



**“SEC. 77 Place & Time of Filing & Payment of Quarterly Corp IT-
(A) Place of Filing. – Except as the commissioner otherwise permits, the quarterly income tax declaration required in Section 75 and final adjustment return required in Section 76 shall be filed, either electronically or manually, with any authorized agent bank, Revenue District Office through Revenue Collection Officer, or authorized tax software provider.**

**OLD NIRC: Sec 77 Place & Time of Filing & Payment of Qrtrly Corp IT-
(A) Place of Filing.-Except as the Commissioner otherwise permits, the return shall be filed with an authorized agent bank, Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality in which such person has his legal residence or principal place of business in the Philippines, or if there be no legal residence, or place of business in the Philippines, with the office of the Commissioner.**

Filing of Husband and Wife

Sec 6 EOPT



Sec 51(D) Married individuals, whether citizens, resident or nonresident aliens, who do not derive income from purely compensation shall file “either electronically or manually” a return for the taxable year to include income of both spouses, but where it is impracticable for the spouse to file one return, each spouse may file a separate return of income but the returns so filed shall be consolidated by the Bureau for purposes of verification for the taxable year.

OLD NIRC Sec 51(D) Married individuals, whether citizens, resident or nonresident aliens, who do not derive income from purely compensation shall file a return for the taxable year to include income of both spouses, but where it is impracticable for the spouse to file one return, each spouse may file a separate return of income but the returns so filed shall be consolidated by the Bureau for purposes of verification for the taxable year.

Overseas Contract Worker

Sec 6 EOPT



Added subsection Section(A)(2)

(A)(2)(e) An individual citizen of the Phil who is working and deriving income solely from abroad as an Overseas Contract Worker as provided under Sec 23(C) of this Code, or Overseas Filipino Worker” as defined under Sec 3(G) of RA 11641, otherwise known as Department of Migrant Workers Act.

OLD NIRC: No such provision

EOPT Added Subsection (A)(2)(e) to the List of individuals who are not required to file an income tax return.

3.2 Filing and Remitting of W-Taxes



Sec 9, 12 EOPT/Sec 58, 81 NIRC

W-Tax on Income of Recipient

Sec 9 EOPT



Sec 58

- A. Quarterly Returns and Payment of Taxes (AMENDED)**
- B. Statement of Income Payments Made and Taxes Withheld (NO CHANGE)**
- C. Timing of Withholding (NEW)**
- D. Annual Information Return (NO CHANGE)**
- E. Income of Recipient (AMENDED)**
- F. Registration with Register of Deeds (SAME)**

Claims for tax credit of any creditable income deducted and withheld in a previous period can still be creditable in the subsequent calendar or fiscal year.

Returns and Payment Taxes W-held

Sec 9 EOPT



Sec 58(A) Quarterly Returns and payments of taxes. Taxes deducted and withheld under Sec 57 by withholding agents shall be covered by a return and paid to, either electronically or manually except in cases where the Commissioner otherwise permits, any authorized agent bank, Revenue District Officer, through Revenue Collection Officer, or authorized tax software provider.

OLD NIRC: Sec 58(A) Quarterly Returns and payments of taxes. Taxes deducted and withheld under Sec 57 by withholding agents shall be covered by a return and paid to, except in cases where the Commissioner otherwise permits an authorized agent bank , Revenue District Officer x x x where the withholding agent has his legal residence or principal place of business or when the withholding agent is a corporation, where the principal office is located.

Time of Withholding

Section 9 EOPT



Sec 58 (C) Timing of Withholding.

The obligation to withhold arises at the time the income tax becomes payable.

OLD NIRC: No such provision. New provision inserted as Sec 58(C)

W-Tax on Income of Recipient

Sec 8 EOPT



Sec 58 (E) Income of Recipient -

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

OLD NIRC: Formerly Sec 58(D); renumbered; same wordings as the old Sec 58(D)

W-Tax on Income of Recipient

Sec 8 EOPT



Sec 58 (E) Income of Recipient – 2nd paragraph inserted

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

OLD NIRC: Formerly Sec 58(D) Income of Recipient- No such provision

W-Tax on Income of Recipient

Sec 8 EOPT



Sec 58 (E) Income of Recipient – 2nd paragraph inserted

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

OLD NIRC: Formerly Sec 58(D) Income of Recipient- No such provision

No Comingling of W-Tax Sec 8 EOPT



Sec 58 (E) Income of Recipient – 3nd paragraph

All taxes withheld pursuant to the provision of this Code and its implementing rules and regulations are hereby considered trust funds and shall be maintained in a separate account and not commingled with any other funds of the withholding agent.

OLD NIRC: Formerly Sec 58(D) Income of Recipient 2nd paragraph; renumbered; same wordings.

Filing and Payment of Taxes W-held by Employer Sec 12 EOPT



Section 81. Except as the Commissioner otherwise permits, taxes deducted and withheld by employer from the employees shall be covered by a return and paid **either electronically or manually with any authorized agent bank, Revenue District Office through Revenue Collection Officer or authorized tax software provider**

OLD NIRC: Section 81. Except as the Commissioner otherwise permits, taxes deducted and withheld by employer from the employees shall be covered by a return **and paid to and authorized agent bank, Collection Agent, or the duly authorized Treasurer of City or municipality where the employer has legal residence or principal place of business or in case the employer is a corporation, where the principal office is located.**

3.3 Filing and Payment of Estate Tax



Sec 13 EOPT /Sec 90D NIRC

Filing of Estate Tax Return

Sec 13 EOPT



Sec 90 (D) Place of Filing

Except in cases where the Commissioner otherwise permits, the return required under Subsection 90 (A) shall be filed either electronically or manually with any authorized agent bank, Revenue District Office through Revenue Collection Officer or authorized tax software provider .

OLD NIRC: Sec 90 (D) Place of Filing

Except as the Commissioner otherwise permits, the return required under Subsection (A) shall be filed with an authorized agent bank, Revenue District Officer, Revenue Collection Agent or duly authorized Treasurer of the city or municipality in which the decedent was domiciled at the time of death or if there is no legal residence in the Philippines, with the Office of the Commissioner.

Payment of Estate Tax

Sec 14 EOPT



Sec 91(A) Time of Payment - The estate tax imposed by Section 84 shall be paid **either electronically or manually**, at the time the return is filed by the executor, administrator or the heirs.

OLD NIRC: Sec 91(A) Time of Payment - The estate tax imposed by Section 84 shall be paid at the time the return is filed by the executor, administrator or the heirs.

Payment of Estate Tax

Sec 14 EOPT



Sec 91(D) Liability for payment – The estate tax imposed by Section 84 shall be paid, **either electronically or manually, by the executor or administrator before delivery by any beneficiary of the distributive shares of the estate. Such beneficiary shall to the extent of his distributive share of the estate, be subsidiarily liable for the payment of such portion of the estate as his distributive share bears to the value of the total net estate.**

OLD NIRC: Sec 91(D) Liability for payment – The estate tax imposed by Section 84 shall be paid by the executor or administrator before delivery by any beneficiary of the distributive shares of the estate. Such beneficiary shall to the extent of his distributive share of the estate, be subsidiarily liable for the payment of such portion of the estate as his distributive share bears to the value of the total net estate.

3.4 Filing and Payment of Donor's Tax



Sec 15 EOPT /Sec 103B NIRC

Filing and Payment of Donor's Tax

Sec 15 EOPT



Sec 103(B) Time and Place of Filing and Payment

The return of the donor required in this Section shall be filed, **either electronically or manually** within 30 days after the date the gift is made, and the tax due thereon shall be paid **either electronically or manually** at the time of filing. Except in cases where the Commissioner otherwise permits, the return shall be filed and the tax paid, **either electronically or manually to any authorized agent bank, Revenue District through Revenue Collection Officer, or authorized tax software provider.**

OLD NIRC: Sec 103(B) Time and Place of Filing and Payment

The return of the donor required in this Section shall be filed within 30 days after the date the gift is made, and the tax due thereon shall be paid at the time of filing. Except in cases where the Commissioner otherwise permits, the return shall be filed and the tax paid to an **authorized agent bank, Revenue District Officer, Revenue Collection Agent or duly authorized Treasurer of the city or municipality where the donor was domiciled at the time of transfer or if there is no legal residence in the Philippines, with the Office of the Commissioner.**

3.5 Filing & Payment of DST



Sec 30 EOPT /Sec 200A,B,C NIRC

Payment of DST

Sec 30 EOPT



SEC 200(A) In General - The provisions of PD No. 1045 notwithstanding, any person liable to pay documentary stamp tax upon any document subject to tax under Title VII of this code shall file a tax return, **either electronically or manually, and pay either electronically or manually, the tax in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner.**

OLD NIRC: SEC 200(A) In General - The provisions of PD No. 1045 notwithstanding, any person liable to pay documentary stamp tax upon any document subject to tax under Title VII of this code shall file a tax return and pay the tax in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner.

Filing and Payment of DST

Sec 30 EOPT



SEC 200(B) Time for filing and payment of the tax – Except as provided by rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner, the tax return prescribed in this section shall be filed **either electronically or manually within 10 days after the close of the month when the taxable document was made, signed, issued, accepted or transferred, and the tax thereon shall be paid, **either electronically or manually** at the same time the aforesaid return is filed.**

OLD NIRC: SEC 200(B) Time for filing and payment of the tax – Except as provided by rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner, the tax return prescribed in this section shall be filed , within 10 days after the close of the month when the taxable document was made, signed, issued, accepted or transferred, and the tax thereon shall be paid, either electronically or manually at the same time the aforesaid return is filed.

Filing and Payment of DST

Sec 30 EOPT



SEC 200(C) Where to file – Except in cases where the Commissioner otherwise permits, the aforesaid tax return shall be filed, either electronically or manually, with and the tax due shall be paid, either electronically or manually, through any authorized agent bank, Revenue District Office through Revenue Collection Officer, or authorized tax software provider.

OLD NIRC: SEC 200(C) Where to file – Except in cases where the Commissioner otherwise permits, the aforesaid tax return shall be filed with and the tax due shall be paid, through the authorized agent bank within the territorial jurisdiction of the Revenue District Office which has jurisdiction over the residence or principal place of business of the taxpayer. In places where there is no authorized agent bank, the return shall be filed with the Revenue District Officer, Collection agent, or duly authorized Treasurer of the City or municipality in which the taxpayer has his legal residence or principal place of business.

3.6 Filing & Payment of Percentage Tax



Sec 29 EOPT /Sec 128 A&B NIRC

Filing & Payment of Percentage Tax

Sec 29 EOPT



Sec 128(A) Returns of Gross Sales or Earnings and payment of tax
(1) Persons Liable to Percentage Tax - Every person subject to the percentage taxes imposed under this Title, either electronically or manually shall file a quarterly return of the amount of the person's gross sales or earnings and pay of either electronically or manually to any authorized agent bank, Revenue District Office, through Revenue Collection officer, or authorized tax software provider, the tax due thereon within 25 days after the end of each taxable quarter.

OLD NIRC:

Sec 128(A) Returns of Gross Sales or Earnings and payment of tax
(1) Persons Liable to Percentage Tax - Every person subject to the percentage taxes imposed under this Title, shall file a quarterly return of the amount of the person's gross sales. receipts or earnings and pay of the tax due thereon within 25 days after the end of each taxable quarter.

Person retiring from Business

Sec 29 EOPT



Sec 128 (A)(2) Any person retiring from a business subject to Percentage tax shall notify the nearest internal revenue officer, file either electronically or manually the person's return either electronically or manually the tax due thereon within 20 days after closing the business.

OLD NIRC Sec 128 (A)(2)

Any person retiring from a business subject to Percentage tax shall notify the nearest internal revenue officer, file his return and pay the tax due thereon within twenty (20 days) after closing his business.

Filing of Percentage Tax Return

Sec 29 EOPT



Sec 128 (B) Where to File

Except as the Commissioner otherwise permits, every person liable to the percentage tax under this Title shall file either **electronically or manually a consolidated return for all branches or places of business with any authorized agent bank, revenue District office through revenue Collection officer or Authorized tax software provider.**

OLD NIRC: Sec 128 (B) Where to File

Except as the Commissioner otherwise permits, every person liable to the percentage tax under this Title, **may at his option file a separate return for its branch or place of business, a consolidated return for all branches or places of business with the authorized agent bank, Revenue District Officer Collection Agent or duly authorized Treasurer of the city or municipality where said business or principal place of business is located as the case may be.**

VAT Exempt Person Sec 116 NIRC

Sec 24 EOPT



Sec 116 Any person whose sales are exempt under Sec 109(CC) of this Code from the payment of VAT and who is not a VAT-registered person shall pay **either electronically or manually** a tax equivalent to 3% of his gross quarterly sales; Provided, that cooperatives shall be exempt from the 3% tax herein imposed: provided further that effective July 1, 2020 until June 30, 2023, the rate shall be 1%.

OLD NIRC: Sec 116 Any person whose sales are exempt under Sec 109(CC) of this Code from the payment of VAT and who is not a VAT-registered person shall pay a tax equivalent to 3% of his gross quarterly sales **or receipts** Provided, that cooperatives shall be exempt from the 3% **gross receipts** tax herein imposed: provided that effective July 1, 2020 until June 30, 2023 the rate shall be 1%

Tax Base, Domestic Carriers

Sec 25 EOPT



Sec 117 Cars for rent or hire driven by the lessee, transportation contractors x x shall pay a tax equivalent to 3% of their quarterly **gross sales**.

The **gross sales** of common carriers derived from their incoming and outgoing freight shall not be subjected to the local taxes imposed under RA No. 7160 otherwise known as the Local Government Code of 1991

OLD NIRC :Sec 117 Cars for rent or hire driven by the lessee, transportation contractors x x x shall pay a tax equivalent to 3% of their quarterly **gross receipts**.

The **gross receipts** of common carriers derived from their incoming and outgoing freight shall not be subjected to the local taxes imposed under RA No. 7160 otherwise known as the Local Government Code of 1991

Tax Base, International Carriers

Secs 26 EOPT



Sec 118 A International air carriers doing business in the Phil on their gross **sales** derived from transport of cargo from the Philippines to another country shall pay a tax of 3% of their quarterly gross **sales**.

Sec 118 B International shipping carriers doing business in the Phil on their gross **sales** derived from transport of cargo from the Philippines to another country shall pay a tax of 3% of their quarterly gross **sales**.

OLD NIRC: Sec 118 A International air carriers doing business in the Phil on their gross **receipts** derived from transport of cargo from the Philippines to another country shall pay a tax of 3% of their quarterly gross **receipts**.

Sec 118 B International shipping carriers doing business in the Phil on their gross **receipts** derived from transport of cargo from the Philippines to another country shall pay a tax of 3% of their quarterly gross **receipts**.

Tax Base, Franchises

Secs 27 EOPT



Sec 119 Tax on Franchises – Any provision of general or special law notwithstanding, there shall be levied, assessed and collected in respect to all franchises on radio and/or television broadcasting companies whose annual gross **sales of the preceding year do not exceed P10,000,000 subject to Section 236 of this Code x x x x x x x.**

OLD NIRC: Sec 119 Tax on Franchises – Any provision of general or special law notwithstanding, there shall be levied, assessed and collected in respect to all franchises on radio and/or television broadcasting companies whose annual gross **receipts of the preceding year do not exceed P10,000,000 subject to Section 236 of this Code x x x x x x x.**

3.7 Filing and Payment of VAT



Sec 22 EOPT /Sec 114 A&B NIRC

Return and Payment of VAT

Sec 22 EOPT



Sec 114(A) In General – Every person liable to pay the VAT under this title shall file, **either electronically or manually, a quarterly return of the amount of his gross sales within 25 days following the close of each taxable quarter prescribed for each taxpayer; Provided however that VAT-registered person shall pay, **either electronically or manually** the VAT on a monthly basis: Provided finally, that beginning Jan 1, 2023 , the filing and payment required under this subsection shall be done within 25 days following the end of each taxable quarter.**

OLD Law: Sec 114(A) In General – Every person liable to pay the VAT under this title shall file a quarterly return of the amount of his gross sales **or receipts within within 25 days following the close of each taxable quarter prescribed for each taxpayer; Provided however that VAT-registered person shall pay the VAT on a monthly basis: Provided finally, that beginning Jan 1, 2023 , the filing and payment required under this subsection shall be done within 25 days following the end of each taxable quarter.**

Return and Payment of VAT

Sec 22 EOPT



Sec 114(B) Where to File the Return and Pay the Tax- Except as the Commissioner otherwise permits, the return shall be filed with and the tax paid, either electronically or manually to any authorized agent bank, Revenue District office through Revenue Collection Officer or Authorized tax software provider.

OLD Law: Sec 114(B) Where to file and Pay the Tax- – Except in cases where the Commissioner otherwise permits, the aforesaid tax return shall be filed with and the tax paid to an authorized agent bank Revenue Collection Officer Collection agent, or duly authorized Treasurer of the City or municipality in the Philippines located within the revenue district office where the taxpayer is registered or required to be registered.

Surcharge for Wrong Venue Filing

Sec 41 EOPT



Section 248 (A)(2)

REPEALED “Unless otherwise authorized by the Commissioner, filing a return with an internal revenue officer other than those with whom the return is required to be filed” and the succeeding paragraphs renumbered.

OLD LAW Sec 248. Civil Penalties

- A. There shall be imposed in addition to the tax required to be paid, a penalty equivalent to 25% of the amount due on the ff cases:
1. Failure to file any return and pay the tax on time x x x;
 2. **Unless otherwise authorized by the Commissioner, filing a return with an internal revenue officer other than those with whom the return is required to be filed.**
 3. Failure to pay the deficiency tax within the time prescribed in the assessment notice; or
 4. Failure to pay the full or part of the amount of tax shown on any return required to be filed or the full amount of tax due for which no return is required to be filed on or before the date prescribed.

4. VAT on Goods and Services



Sec 16 & 17 EOPT/Sec 106 & 108 NIRC

4.1 Uniform VAT liability for sale of Goods and Services



Sec 16 & 17 EOPT/Sec 106 & 108 NIRC

Tax Base, Sale of Goods or Properties

Sec 16 EOPT



Sec 106(A) Rate and Base of Tax

There shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, a VAT equivalent to 12% of the **gross sales of goods or properties** sold, bartered or exchanged such tax to be paid by the seller or transferor.

OLD NIRC: Sec 106(A) Rate and Base of Tax

There shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, a VAT equivalent to 12% of the **gross selling price or gross value in money of the goods or properties** sold, bartered or exchanged such tax to be paid by the seller or transferor.

Tax Base, Sale of Services

Sec 17 EOPT



Sec 108(A) Rate and Base of Tax

There shall be levied, assessed and collected a VAT equivalent to 12% of the **gross sales** derived from the sale or exchange of services including the use or lease of properties. RR 3-2024

OLD NIRC: Sec 108(A) Rate and Base of Tax

There shall be levied, assessed and collected a VAT equivalent to 12% of the **gross receipt** derived from the sale or exchange of services including the use or lease of properties.

Gross sales on Goods or Properties

Sec 17 EOPT



Sec 106 (A) For the purpose of this Section, the term “**gross sales**’ means the total amount of money or its equivalent value in money which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods or properties, excluding the value-added tax. Including the excise tax, if any, on such goods or properties. The excise tax, if any, on such goods or properties shall form part of the gross sales

Sec 106 (A) The term “**gross selling price:**’ means the total amount of money or its equivalent value in money which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods or properties, excluding the value-added tax. The excise tax, if any, on such goods or properties shall form part of the gross sales

Gross Sales on Services

Sec 17 EOPT

Sec 108 (A)

For purposes of this section, the term '**gross sales**' means the total amount of money or its equivalent representing

1. Contract price, service fees, rental, royalties including materials, supplied with the services performed; (2) **Services has already been rendered, use of lease of properties have been supplied;** (3) Excludes amounts earmarked for payment to third party, reimbursements not benefitting the seller for payments made on another's behalf ; (4). **For long term contract for a period of one year or more, the invoice shall be issued on the month in which the service, use or lease of properties is rendered.**

OLD NIRC: Sec 108 (A) The term '**gross receipts**' means the total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding value-added tax.

Sales Returns and Allowances

Sec 16 EOPT



Sec 106(D) Sales Returns and Allowances

The value of goods or properties sold and subsequently returned or for which allowances were granted by a VAT-registered person may be deducted from the **gross sales** for the quarter in which a refund is made or a credit memorandum or refund is issued.

Sales discount granted and indicated in the invoice at the time of sale and the grant of which does not depend upon the happening of a future event may be excluded from the gross sales within the same quarter it was given

OLD NIRC: Sec 106(D) Sales Returns and Allowances

The value of goods or properties sold and subsequently returned or for which allowances were granted by a VAT-registered person may be deducted from the **gross sales or receipts** for the quarter in which a refund is made or a credit memorandum or refund is issued.

Sales discount granted and indicated in the invoice at the time of sale and the grant of which does not depend upon the happening of a future event may be excluded from the gross sales within the same quarter it was given

Determining Tax Base, Deemed Sale

Sec 16 EOPT



Sec 106(E) Authority of the CIR to determine the appropriate tax base
The Commissioner shall by rules and regulations prescribed by the Secretary of Finance determine the appropriate tax base in cases where a transaction is deemed a sale, barter or exchange of goods or properties under Subsection B hereof or where the **gross sales** is unreasonably lower than the actual market value.

OLD NIRC: Sec 106(E) Authority of the CIR to determine the appropriate tax base

The Commissioner shall by rules and regulations prescribed by the Secretary of Finance determine the appropriate tax base in cases where a transaction is deemed a sale, barter or exchange of goods or properties under Subsection B hereof or where the **gross selling price** is unreasonably lower than the actual market value.

VAT Exempt Transactions

Sec 18 EOPT



Sec 109 Exempt Transactions

Sec 109 (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 P3,000,000 **Provided That the amount herein stated shall be adjusted to its present values using the consumer price index, as published by the Philippine Statistics Authority every 3 years.**

OLD LAW: Sec 109 Exempt Transactions

Sec 109 (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 and/or receipts do not exceed the amount of Three million pesos (P3,000,000.00).

4.2 Use of Sales Invoice, not Official Receipts for goods and services



Sec 21 EOPT/Sec 113 NIRC

VAT Invoicing Requirements

Sec 21 EOPT



Sec 113 A – Invoicing Requirements –

A VAT-registered person shall issue a VAT invoice for every sale, barter, exchange or lease of goods or properties and for every sale, barter or exchange of services.

OLD NIRC: Sec 113A – Invoicing Requirements

A VAT-registered person shall issue

- (1) VAT invoice for every sale, barter or exchange of goods or properties.**
- (2) A VAT **Official Receipt** for every lease of goods or properties and for every sale, barter or exchange of services.**

VAT Invoicing Requirements

Sec 21 EOPT



Sec 113(B) Information contained in the VAT Invoices:

1. A statement that the seller is a VAT-registered person followed by his TIN
2. The total amount which the purchaser pay to the seller with an indication that such amount includes the VAT, Provided that:
 - a. The amount of the tax shall be shown as a separate item in the **invoice**;
 - b. If the sale is exempt from VAT, the term VAT exempt sale must be written or printed in the **invoice**

OLD NIRC: Sec 113(B) Information contained in the VAT Invoices The ff information shall be indicated in the VAT Invoice **or Official Receipt**:

1. A statement that the seller is a VAT-registered person followed by his TIN
2. The total amount which the purchaser pay to the seller with an indication that such amount includes the VAT, Provided that
 - a. The amount of the tax shall be shown as a separate item in the invoice **or receipt**;
 - b. If the sale is exempt from VAT, the term VAT exempt sale must be written or printed in the invoice **or receipt**

VAT Invoicing Requirements

Sec 21 EOPT



Sec 113(B)(4) In the case of sale of P1,000 or more where the sale or transfer is made to a VAT-registered person, the name, address and TIN of the purchaser, customer or client.

NOTE: EOPT DELETED “business style”

OLD NIRC: Sec 113(B)(4) In the case of sale of P1,000 or more where the sale or transfer is made to a VAT-resgitered person, the name, **business Style**, if any address and TIN of the purchaser, customer or client.

Issuing Erroneous Invoice

Sec 21 EOPT



Sec 113(D)1) - Consequence of issuing Erroneous VAT Invoice

(1) If a person who is not a VAT-registered person issues an invoice showing his TIN followed by the word VAT.

NOTE: “Official Receipt” and “receipt” were deleted

OLD NIRC : Sec 113(D)(1) Consequence of issuing Erroneous VAT Invoice or VAT Official Receipt

(1) If a person who is not a VAT-registered person issues an invoice or receipt showing his TIN followed by the word VAT.

Input VAT with Lacking Information

Sec 21 EOPT



Sec 113(D)3 - If a VAT-registered person issues a VAT invoice to another VAT registered person with lacking information required under Subsec B hereof, the issuer shall be liable for non-compliance with the invoicing requirements however, the VAT shall still be allowed to be used as input tax credit on the part of the purchaser pursuant to Sec 110 of this Code if the lacking information do not pertain to the amount of sales, amount of VAT, name and taxpayer identification number of both the purchaser and issuer/seller a description of goods or nature of services and the date of the transaction.

Old NIRC: No such provision.

Issuances of Invoice

Sec 35 EOPT



Sec 237(A) Issuance of Sales or Commercial Invoice

All persons subject to an internal revenue tax, shall at the point of each sale of merchandise or for services **valued at P500.00** or more shall issue duly registered **sale or commercial invoices** showing the name, TIN, date of transaction , quantity, unit cost and description of merchandise or nature of service, Provided that the amount herein stated shall be adjusted to its present value every 3 years using the Consumer Price Index, as published by the Philippine Statistics Authority.

OLD NIRC :

Sec 237(A) All persons subject to an internal revenue tax, shall at the point of each sale of merchandise or for services **valued at P100** or more shall issue duly registered **receipts** or sale or commercial invoices showing the date of transaction , quantity, unit cost and description of merchandise or nature of service.

Authority to Print Invoices

Sec 36 EOPT



SEC 238

All persons who are engaged in business shall secure free of charge from the BIR an authority to print **sales or commercial invoices** before a printer can print the same.

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

All persons who print **sales or commercial invoices** shall maintain a logbook/register of taxpayers who availed of their printing service. The logbook/register shall contain the ff information:

1. Names, TIN of the persons or entities for whom the **sales or commercial invoices** were printed; and
2. Number of booklets, number of sets per booklet, number of copies per set and the serial numbers of the **invoices** in each booklet.

Authority to Print Invoices

Sec 36 EOPT



OLD NIRC SEC 238

All persons who are engaged in business shall secure from the BIR an authority to print **receipts or** sales or commercial invoices before a printer can print the same.

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

All persons who print **receipts or** sales or commercial invoices shall maintain a logbook/register of taxpayers who availed of their printing service. The logbook/register shall contain the ff information:

1. Names, TIN of the persons or entities for whom the **receipts or** sales or commercial invoices were printed; and
2. Number of booklets, number of sets per booklet, number of copies per set and the serial numbers of the **receipts or** invoices in each booklet.

4.3 VAT Invoice to Substantiate Input VAT Claim



Sec 19 EOPT/Sec 110A1 NIRC

Creditable Input Tax

Sec 19 EOPT



Sec 110(A)(1) Any input tax evidenced by a VAT Invoice issued in accordance with Sec 113 hereof on the ff transaction shall be creditable against the output Tax:

- a. Purchase or importation of goods**
- b. Purchase of services on which a VAT has accrued**

RR 3-2024 Sec 4.110-9

OLD NIRC: Sec 110(A)(1) Any input tax evidenced by a VAT Invoice or Official Receipts issued in accordance with Sec 113 hereof on the ff transaction shall be creditable against the output Tax

- a. Purchase or importation of goods**
- b. Purchase of services on which a VAT has been actually paid**

4.4 Output VAT - Uncollected Receivables



Sec 19 EOPT/Sec 110D NIRC

Output VAT-Uncollected Receivables

Sec 19 EOPT



Sec 110(D) A seller of goods or services may deduct the output VAT on uncollected receivables on the next quarter after the lapse of the agreed period to pay subject to the ff conditions:

1. The seller fully paid the VAT on the transaction
2. VAT component of the uncollected receivable has not been claimed as deductible bad debts from gross income

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

OLD NIRC: No such provision. Section 110(D) inserted

4.5 Classification of VAT refund claims: low, medium, and high-risk



Sec 20 EOPT/Sec 112 NIRC

Cancellation of VAT Registration

Sec 20 EOPT



Sec 112(B) A person whose registration has been cancelled due to retirement from or cessation from business, or due to changes in or cessation of status under Section 106 (C) of this Code may, within two years from the date of cancellation, apply for the issuance of a tax credit certificate **or cash refund** for any unused input tax which may be used in payment of his other internal revenue taxes or apply for refund for any unused input tax.

OLD NIRC: Sec 112(B) A person whose registration has been cancelled due to retirement from or cessation from business, or due to changes in or cessation of status under Section 106 (C) of this Code may, within two years from the date of cancellation, apply for the issuance of a tax credit certificate for any unused input tax which may be used in payment of his other internal revenue taxes or apply for refund for any unused input tax.

Claims for Refunds of Input Tax

Sec 20 EOPT



Sec 112(C) Period within which the Refund of Input Taxes shall be made-

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

Claims for Refunds of Input Tax

Sec 20 EOPT



OLD NIRC Sec 112(C) Period within which Refund or Tax Credit of Input Taxes shall be made-

In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipt or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof. Provided, That for this purpose: Provided, that should the Commissioner find that grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.

Claims for Refunds of Input Tax

Sec 20 EOPT



Sec 112(C)

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

OLD NIRC:

Sec 112(C) In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of decision denying, appeal the decision with the Court of Tax Appeals: Provided, however, failure on the part of any official, agent, or employee of the Bureau of Internal Revenue to act on the application within the 90-day period shall be punishable under Section 269 of this Code.

Manner of Giving Refund

Sec 20 EOPT



Sec 112(D) Manner of Giving Refund -

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

OLD NIRC Sec 112(D) Manner of Giving Refund -

Refunds shall be made upon warrants drawn by the Commissioner or by his duly authorized representative without the necessity of being countersigned by the Chairman, Commission on Audit, the provisions of the Administrative Code of 1987 to the contrary notwithstanding : Provided, that refunds under this paragraph shall be subject to post audit by the Commissioner on Audit

Erroneously Paid Taxes/Penalties

Sec 31 EOPT



Sec 204 (C) Credit or 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 in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. No credit or 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 years after the payment of the tax or penalty as provided under Sec 229 of this Code: Provided, however, that a return filed showing an overpayment shall be considered as a written claim for credit or refund: Provided, further, that the Commissioner shall process and decide the refund under this provision within 180 days from date of submission of complete documents in support of the application filed;

Erroneously Paid Taxes/Penalties

Sec 31 EOPT



OLD NIRC: Sec 204 (C) Credit or 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 in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. No credit or 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 years after the payment of the tax or penalty as provided under Sec 229 of this Code: Provided, however, that a return filed showing an overpayment shall be considered as a written claim for credit or refund.

Refund of Erroneously Paid Taxes

Sec 31 EOPT



Sec 204(C) Cont'd

Provided, furthermore that should the Commissioner deny, in full or in part, the claim for refund, the Commissioner shall state the legal and/or factual basis for the denial: Provided, finally That failure on the part of any official, agent, or employee of the Bureau of Internal Revenue to process and decide on the application within the 180-day period shall be punishable under Section 269 of this Code

OLD NIRC Sec 204(C) No such provision

5. Annual Registration Fee abolished



Sec 34 EOPT/Sec 236B NIRC

Annual Registration Fee Abolished

Sec 34 EOPT



Section 236 (B) Annual Registration Fee repealed and succeeding subsections renumbered.

OLD NIRC: Section 236(B) – An Annual Registration Fee in the amount of P500 for every separate and distinct establishment or place of Business x x x

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

Clarification on ARF

Sec 34 EOPT/RMC 14-2004



Business taxpayers with existing COR that includes the ARF will retain its validity. These taxpayers may choose to update/replace their COR at their convenience. This can be done by surrendering their old COR at the RDO where they are registered on or before Dec 31, 2024

Effectivity is effective Jan 22, 2024

6. Registration Requirements



Sec 34 EOPT/Sec 236 NIRC

Registration Requirements

Sec 34 EOPT



Section 236 (A) Requirements

Every person subject to any internal revenue tax shall register once, **either electronically or manually**, with the appropriate Revenue District Office:

OLD NIRC: Section 236 (A) Requirements

Every person subject to any internal revenue tax shall register once with the appropriate Revenue District Officer”

Registration of each Type of Internal Revenue Tax Sec 34 EOPT



Section 236 (B) Registration of each type of IRT

Every person who is required to register with the Bureau of Internal Revenue under Subsection (A) hereof shall register each type of internal revenue tax for which he is obligated, shall file a return, **either electronically or manually**, and shall pay, **either electronically or manually**, such taxes, and shall update such registration of any changes in accordance with Subsection (D) hereof

OLD NIRC: Formerly Section 236 (C) – Registration of each type of IRT

Every person who is required to register with the Bureau of Internal Revenue under Subsection (A) hereof shall register each type of internal revenue tax for which he is obligated, shall file a return and shall pay, such taxes, and shall update such registration of any changes in accordance with Subsection (D) hereof.

Transfer of Registration

Sec 34 EOPT



Section 236 (C) Transfer of Registration

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

OLD NIRC: Formerly Section 236 (D), renumbered to Section 236(C)

In case a registered person decides to transfer the place of business or head office or branches, it shall be his duty to update his registration status by filing an application for registration information update in the form prescribed therefor.

Cancellation of Registration

Sec 34 EOPT



Section 236 (E) Cancellation of Registration

(1) General Rule. - The registration of any person shall be cancelled upon mere filing, either electronically or manually, with the Revenue District Office where he is registered, an application for registration information update in a form prescribed therefor. However, this shall not preclude the Commissioner of the Internal Revenue or his authorized representative from conducting an audit in order to determine any tax liability;

OLD NIRC: Formerly Section 236 (F) renumbered to Section 236(E)

Section 236 (E) Cancellation of Registration

(1) General Rule. - The registration of any person who ceases to be liable to a tax type shall be cancelled upon filing with the Revenue District Office where he is registered, an application for registration information update in a form prescribed therefor.

7. Preservation of Books



Sec 33 EOPT/Sec 235 NIRC

Preservation of Books of Accounts

Sec 33 EOPT



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

Preservation of Books of Accounts

Sec 33 EOPT



OLD NIRC SEC. 235. Preservation of Books of Accounts and Other Accounting Records. - All the books of accounts, including the subsidiary books and other accounting records of corporations, partnerships, or persons, shall be preserved by them for a period beginning from the last entry was made in each books until the last day prescribed by Sec 203 within which the Commissioner is authorized to make an assessment. The said books and records shall be subject to examination and inspection by internal revenue officers: Provided, That for income tax purposes, such examination and inspection shall be made only once in a taxable year, except in the following cases: fraud, irregularities etc x x x

8. Power to suspend operation



Sec 23 EOPT/Sec 115 NIRC

Suspending Business Operation

Sec 23 EOPT



Sec 115 The Commissioner or his authorized representative is hereby empowered to suspend the business operations and temporarily close the business establishment of any person for any of the ff violations:

- a. In the case of a VAT registered person**
 - 1. Failure to issue **invoices****
 - 2. Failure to file a VAT return as required under Sec 114**
 - 3. Understatement of taxable sales by 30% or more of his correct taxable **sales** for the taxable quarter**

OLD LAW: Sec 115 The Commissioner or his authorized representative is hereby empowered to suspend the business operations and temporarily close the business establishment of any person for any of the ff violations:

- a. In the case of a VAT registered person**
 - 1. Failure to issue **receipts or invoices****
 - 2. Failure to file a VAT return as required under Sec 114**
 - 3. Understatement of taxable sales by 30% or more of his correct taxable **sales or receipts** for the taxable quarter**

Transitory Provisions



Sec 50 EOPT

Repealing Clause

Sec 50 EOPT



All laws, decrees, executive orders, implementing rules and regulations, issuances or any pert thereof inconsistent with the provisions of this Act are deemed repealed, amended or modified accordingly.

End of EOPT Presentation



End of Presentation . . .

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“Competence Builds Confidence”