


**NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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SENATE

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S.B. NO. 2224

(In substitution of Senate Bill No. 1346, taking into consideration
House Bill No. 4125 and Senate Bill No. 2128)

Prepared by the Committee on Ways and Means with Senators Gatchalian and
Villanueva as authors thereof

AN ACT

**INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING SECTIONS
21, 22, 34, 51, 56, 57, 58, 76, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112,
113, 114, 115, 116, 117, 118, 119, 120, 128, 200, 204, 236, 237, 241, 242,
243, 245, 248, AND 269 OF THE NATIONAL INTERNAL REVENUE CODE OF
1997, AS AMENDED, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and the House of Representatives of the Philippines in
Congress assembled:*

- 1 SECTION 1. *Title.* – This Act shall be known as the “Ease of Paying Taxes Act.”
- 2 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State:
- 3 (1) To provide a healthy environment for the tax paying public that protects
- 4 and safeguards taxpayer rights and welfare, as well as assures the fair treatment of
- 5 all taxpayers;
- 6 (2) To modernize tax administration and improve its efficiency and effectiveness
- 7 by providing mechanisms that encourage proper and easy compliance at the least cost
- 8 and resources possible;
- 9 (3) To update the taxation system, adopt best practices, and replace antiquated
- 10 procedures; and

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

3 SEC. 3. Section 21 of the National Internal Revenue Code of 1997, as amended,
4 is hereby amended to read as follows:

5 **"SEC. 21. *Sources of Revenue AND CLASSIFICATION OF***
6 ***TAXPAYERS. –***

7 **(A) NATIONAL INTERNAL REVENUE TAXES –** The following
8 taxes, fees, and charges are deemed to be national internal revenue
9 taxes:

10 "[a] **(1)** Income tax;

11 "[b] **(2)** Estate and donor's taxes;

12 "[c] **(3)** Value-added tax;

13 "[d] **(4)** Other percentage taxes;

14 "[e] **(5)** Excise taxes;

15 "[f] **(6)** Documentary stamp taxes; and

16 "[g] **(7)** Such other taxes as are or hereafter may be
17 imposed and collected by the Bureau of Internal
18 Revenue.

19 **"(B) CLASSIFICATION OF TAXPAYERS – FOR PURPOSES**
20 **OF RESPONSIVE TAX ADMINISTRATION, THE SECRETARY OF**
21 **FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER,**
22 **SHALL ESTABLISH REASONABLE CRITERIA FOR CLASSIFYING**
23 **TAXPAYERS INTO MICRO, SMALL, MEDIUM, AND LARGE,**
24 **TAKING INTO CONSIDERATION THEIR CAPACITY TO COMPLY**

1 WITH TAX LAWS, RULES, AND REGULATIONS, THE AMOUNT
2 AND TYPE OF TAX PAID, THE GROSS SALES OF THE TAXPAYER,
3 AS WELL AS INFLATION, VOLUME OF BUSINESS, WAGE AND
4 EMPLOYMENT LEVELS, AND SIMILAR ECONOMIC AND
5 FINANCIAL FACTORS: *PROVIDED*, THAT THE SECRETARY OF
6 FINANCE SHALL PROVIDE CLASSIFICATIONS FOR MICRO,
7 SMALL, MEDIUM, AND LARGE TAXPAYERS AND INTRODUCE
8 ADDITIONAL CLASSIFICATION OF TAXPAYERS AS MAY BE
9 DEEMED NECESSARY AND REASONABLE TO ACHIEVE BETTER
10 SERVICE AND TAX ADMINISTRATION: *PROVIDED, FURTHER*,
11 THAT THE CLASSIFICATION OF TAXPAYERS SHALL TAKE INTO
12 ACCOUNT THE TAXPAYERS' ANNUAL GROSS SALES, TOTAL
13 ASSETS, AND NUMBER OF EMPLOYEES, AMONG OTHERS:
14 *PROVIDED, FURTHERMORE*, THAT FOR EVERY CLASS OF
15 TAXPAYERS, THE BUREAU OF INTERNAL REVENUE SHALL
16 PROVIDE FOR A SPECIAL UNIT TO CATER TO THE NEEDS OF
17 TAXPAYERS UNDER SUCH CLASSIFICATION: *PROVIDED*,
18 *FINALLY*, THAT FOR EASE OF COMPLIANCE TO TAX LAWS,
19 RULES, AND REGULATIONS, SIMPLIFIED TAX RETURNS AND
20 PROCESSES SHALL BE IMPLEMENTED FOR TAXPAYERS
21 CLASSIFIED AS MICRO AND SMALL TAXPAYERS."

22 SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as amended,
23 is hereby further amended to read as follows:

24 "SEC. 22. *Definitions.* — When used in this Title:

1 X X X

2 **(KK) THE TERM 'FILING OF RETURN' SHALL REFER TO**
3 **THE ACT OF ACCOMPLISHING AND SUBMITTING THE**
4 **PRESCRIBED TAX RETURN, ELECTRONICALLY OR MANUALLY,**
5 **TO THE BUREAU OF INTERNAL REVENUE, OR THROUGH ANY**
6 **AUTHORIZED AGENT BANK OR AUTHORIZED TAX SOFTWARE**
7 **PROVIDER, AS REQUIRED UNDER THIS CODE OR AS**
8 **PRESCRIBED UNDER EXISTING RULES AND REGULATIONS.**

9 **(LL) THE TERM 'PAYMENT OF TAX' OR 'REMITTANCE OF**
10 **TAX' SHALL REFER TO THE ACT OF DELIVERING THE AMOUNT**
11 **OF TAX DUE OR WITHHELD, EITHER ELECTRONICALLY OR**
12 **MANUALLY, TO THE BUREAU OF INTERNAL REVENUE, OR**
13 **THROUGH ANY AUTHORIZED AGENT BANK OR AUTHORIZED**
14 **TAX SOFTWARE PROVIDER, AS REQUIRED UNDER THIS CODE**
15 **OR AS PRESCRIBED UNDER EXISTING RULES AND**
16 **REGULATIONS."**

17 SEC. 5. Section 34 (K) of the National Internal Revenue Code of 1997,
18 as amended, is repealed, and the succeeding paragraph is renumbered
19 accordingly.

20 SEC. 6. Section 51 of the National Internal Revenue Code of 1997, as amended,
21 is hereby further amended to read as follows:

22 **"SEC. 51. *Individual Returns.* –**

23 X X X

1 **(B) *Where to File.*** - Except in cases where the Commissioner
2 otherwise permits, the return shall be filed with anY authorized agent
3 bank, Revenue District Office[r,] **THROUGH REVENUE** Collection
4 **[Agent] OFFICER, OR AUTHORIZED TAX SOFTWARE PROVIDER**
5 **[or duly authorized Treasurer of the city or municipality in which such**
6 **person has his legal residence or principal place of business in the**
7 **Philippines, or if there be no legal residence or place of business in the**
8 **Philippines, with the Office of the Commissioner]."**

9 X X X

10 **(D) *Husband and Wife.*** - Married individuals, whether citizens,
11 resident or nonresident aliens, who do not derive income purely from
12 compensation, shall file, **EITHER ELECTRONICALLY OR**
13 **MANUALLY,** a return for the taxable year to include the income of both
14 spouses, but where it is impracticable for the spouses to file one return,
15 each spouse may file a separate return of income but the returns so filed
16 shall be consolidated by the Bureau for purposes of verification for the
17 taxable year.

18 **X X X**

19 SEC. 7. Section 56 of the National Internal Revenue Code of 1997, as amended,
20 is hereby further amended to read as follows:

21 **"SEC. 56. *Payment and Assessment of Income Tax for***
22 ***Individuals and Corporations.* –**

23 **(A) *Payment of Tax.* –**

1 **(1) In General.** – The total amount of tax imposed by this Title
2 shall be paid, **EITHER ELECTRONICALLY OR MANUALLY**, by the
3 person subject thereto at the time the return is filed. In the case of
4 tramp vessels, the shipping agents and/or the husbanding agents, and
5 in their absence, the captains thereof are required to file the return
6 herein provided and pay the tax due thereon before their departure.
7 Upon failure of the said agents or captains to file the return and pay the
8 tax, the Bureau of Customs is hereby authorized to hold the vessel and
9 prevent its departure until proof of payment of the tax is presented or a
10 sufficient bond is filed to answer for the tax due.”

11 x x x

12 SEC. 8. Section 57 of the National Internal Revenue Code of 1997, as amended,
13 is hereby further amended to read as follows:

14 **“SEC. 57. Withholding of Tax at Source. –**

15 “(A) x x x

16 “(B) x x x

17 (C) *Tax-free Covenant Bonds* – x x x

18 “The Department of Finance shall review, at least once every three (3) years,
19 regulations and processes for the withholding of creditable tax under this Code, and
20 direct the Bureau of Internal Revenue to amend rules and regulations for the same,
21 should it be found during the review that the existing rules, regulations, and processes
22 for the withholding of creditable tax under this Code adversely and materially impact
23 the taxpayer[.]: **PROVIDED, THAT IN THE EXERCISE OF HIS POWER TO**
24 **CLASSIFY TAXPAYERS UNDER SECTION 21 (B), THE SECRETARY OF**

1 **FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER, IS ALSO**
2 **AUTHORIZED TO DETERMINE TAXPAYERS WHO SHALL NOT BE REQUIRED**
3 **TO WITHHOLD TAXES UNDER SUBSECTION (B) OF THIS SECTION."**

4 SEC. 9. Section 58 of the National Internal Revenue Code of 1997, as amended,
5 is hereby further amended to read as follows:

6 **"SEC. 58. *Return and Payment of Taxes Withheld at***
7 ***Source.* –**

8 **(A) *Quarterly Returns and Payments of Taxes***
9 ***Withheld.* –** Taxes deducted and withheld under Section 57 by
10 withholding agents shall be covered by a return and paid to, **EITHER**
11 **ELECTRONICALLY OR MANUALLY,** except in cases where the
12 Commissioner otherwise permits, anY authorized agent bank, Revenue
13 District Office[r,] **THROUGH REVENUE** Collection [Agent] **OFFICER,**
14 **OR AUTHORIZED TAX SOFTWARE PROVIDER** [, or duly authorized
15 Treasurer of the city or municipality where the withholding agent has
16 his legal residence or principal place of business, or where the
17 withholding agent is a corporation, where the principal office is
18 located]."

19 **X X X**

20 **(B) X X X**

21 **(C) *TIMING OF WITHHOLDING TAXES.* – THE**
22 **OBLIGATION TO DEDUCT AND WITHHOLD THE TAX ARISES AT**
23 **THE TIME THE INCOME HAS BECOME PAYABLE.**

24 **[(C)] (D) Annual Information Return. – X X X**

1 ~~[(D)]~~ **(E)** Income of Recipient. – Income upon which any
2 creditable tax is required to be withheld at source under Section 57 shall
3 be included in the return of its recipient but the excess of the amount
4 of tax so withheld over the tax due on his return shall be refunded to
5 him subject to the provisions of Section 204; if the income tax collected
6 at source is less than the tax due on his return, the difference shall be
7 paid in accordance with the provisions of Section 56.

8 **CLAIMS FOR TAX CREDIT OR REFUND OF ANY**
9 **CREDITABLE INCOME TAX WHICH WAS DEDUCTED AND**
10 **WITHHELD ON INCOME PAYMENTS SHALL BE GIVEN DUE**
11 **COURSE ONLY WHEN IT IS SHOWN THAT THE INCOME**
12 **PAYMENT HAS BEEN DECLARED AS PART OF THE GROSS**
13 **INCOME AND THE FACT WITHHOLDING IS ESTABLISHED.**
14 **CLAIMS FOR TAX CREDIT OF ANY CREDITABLE INCOME TAX**
15 **DEDUCTED AND WITHHELD IN A PREVIOUS PERIOD CAN STILL**
16 **BE CREDITABLE IN THE SUBSEQUENT CALENDAR OR FISCAL**
17 **YEAR.**

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

22 ~~[(E)]~~ **(F)** Registration with Register of Deeds. – X X X

23 x x x

1 SEC. 10. Section 76 of the National Internal Revenue Code of 1997, as
2 amended, is hereby amended to read as follows:

3 "**SEC. 76. Final Adjustment Return. –X X X**

4 X X X

5 In case the corporation is entitled to a tax credit or refund of the excess
6 [estimated quarterly] income taxes paid **DURING THE YEAR**, the excess
7 amount shown on its final adjustment return may be carried over and credited
8 against the estimated quarterly income tax liabilities for the taxable quarters of
9 the succeeding taxable years. Once the option to carry-over and apply the
10 **SAID** excess [quarterly] income taxes **PAID** against **THE** income tax due for
11 the taxable quarters of the succeeding taxable years has been made, such
12 option shall be considered irrevocable for that taxable period and no application
13 for cash refund or issuance of a tax credit certificate shall be allowed
14 therefor[.]: **PROVIDED, THAT, IN CASE THE TAXPAYER CANNOT CARRY**
15 **OVER THE EXCESS INCOME TAX CREDIT DUE TO DISSOLUTION OR**
16 **CESSATION OF BUSINESS, ANY UNUTILIZED EXCESS INCOME TAX**
17 **CREDIT OF THE SAID TAXPAYER SHALL BE REFUNDED WITHIN TWO**
18 **YEARS FROM THE DATE OF THE DISSOLUTION OR CESSATION OF**
19 **BUSINESS."**

20 SEC. 11. Section 77 of the National Internal Revenue Code of 1997, as
21 amended, is hereby amended to read as follows:

22 "**SEC. 77. Place and Time of Filing and Payment of**
23 **Quarterly Corporate Income Tax. –**

1 **(A) Place of Filing.** – Except as the Commissioner otherwise
2 permits, the quarterly income tax declaration required in Section 75 and
3 the final adjustment return required in Section 76 shall be filed, **EITHER**
4 **ELECTRONICALLY OR MANUALLY**, with [the] **ANY** authorized agent
5 bank[s], [or] Revenue District Office[r or] **THROUGH REVENUE**
6 Collection [Agent] **OFFICER OR AUTHORIZED TAX SOFTWARE**
7 **PROVIDER** [or duly authorized Treasurer of the city or municipality
8 having jurisdiction over the location of the principal office of the
9 corporation filing the return or place where its main books of accounts
10 and other data from which the return is prepared are kept].

11 **(B) Time of Filing the Income Tax Return.** - The corporate
12 quarterly declaration shall be filed, **EITHER ELECTRONICALLY OR**
13 **MANUALLY**, within sixty (60) days following the close of each of the
14 first three (3) quarters of the taxable year. The final adjustment return
15 shall be filed on or before the fifteenth (15th) day of April, or on or
16 before the fifteenth (15th) day of the fourth (4th) month following the
17 close of the fiscal year, as the case may be.

18 **(C) Time of Payment of the Income Tax.** – The income tax
19 due on the corporate quarterly returns and the final adjustment income
20 tax returns computed in accordance with Sections 75 and 76 shall be
21 paid, **EITHER ELECTRONICALLY OR MANUALLY**, at the time the
22 declaration or return is filed, in a manner prescribed by the
23 Commissioner.”

1 SEC. 12. Section 81 of the National Internal Revenue Code of 1997, as
2 amended, is hereby amended to read as follows:

3 **"SEC. 81. *Filing of Return and Payment of Taxes***
4 ***Withheld.*** – Except as the Commissioner otherwise permits, taxes
5 deducted and withheld by the employer on wages of employees shall be
6 covered by a return and paid, **EITHER ELECTRONICALLY OR**
7 **MANUALLY,** to anY authorized agent bank, **REVENUE DISTRICT**
8 **OFFICE THROUGH REVENUE** Collection [Agent] **OFFICER,** or
9 **AUTHORIZED TAX SOFTWARE PROVIDER** [the duly authorized
10 Treasurer of the city or municipality where the employer has his legal
11 residence or principal place of business, or in case the employer is a
12 corporation, where the principal office is located]."

13 The return shall be filed and the payment made, **EITHER**
14 **ELECTRONICALLY OR MANUALLY,** within twenty-five (25) days
15 from the close of each calendar quarter: *Provided,* however, That the
16 Commissioner may, with the approval of the Secretary of Finance,
17 require the employers to pay or deposit the taxes deducted and withheld
18 at more frequent intervals, in cases where such requirement is deemed
19 necessary to protect the interest of the Government.

20 The taxes deducted and withheld by employers shall be held in a
21 special fund in trust for the Government until the same are paid to the
22 said collecting officers."

23 SEC. 13. Section 90 of the National Internal Revenue Code of 1997, as
24 amended, is hereby further amended to read as follows:

1 **"SEC. 90. Estate Tax Returns. –**

2 x x x

3 **(D) Place of Filing. –** Except in cases where the
4 Commissioner otherwise permits, the return required under Subsection
5 (A) shall be filed, **EITHER ELECTRONICALLY OR MANUALLY**, with
6 anY authorized agent bank, [or] Revenue District Office[r,] **THROUGH**
7 **REVENUE** Collection officer, **OR AUTHORIZED TAX SOFTWARE**
8 **PROVIDER** [or duly authorized Treasurer of the city or municipality in
9 which the decedent was domiciled at the time of his death, or if there
10 be no legal residence in the Philippines, with the Office of the
11 Commissioner]."

12 SEC. 14. Section 91 of the National Internal Revenue Code of 1997, as
13 amended, is hereby further amended to read as follows:

14 **"SEC. 91. Payment of Tax. –**

15 **(A) Time of Payment. –** The estate tax imposed by Section 84
16 shall be paid, **EITHER ELECTRONICALLY OR MANUALLY**, at the
17 time the return is filed by the executor, administrator, or the heirs."

18 x x x

19 **(D) Liability for Payment -** The estate tax imposed by Section
20 84 shall be paid, **EITHER ELECTRONICALLY OR MANUALLY**, by the
21 executor or administrator before delivery to any beneficiary of his
22 distributive share of the estate. Such beneficiary shall to the extent of
23 his distributive share of the estate, be subsidiarily liable for the payment

1 of such portion of the estate tax as his distributive share bears to the
2 value of the total net estate.

3 x x x

4 SEC. 15. Section 103 of the National Internal Revenue Code of 1997, as
5 amended, is hereby amended to read as follows:

6 **"SEC. 103. *Filing of Return and Payment of Tax.* –**

7 **(A)** x x x

8 **(B) *Time and Place of Filing and Payment.* –** The return of
9 the donor required in this Section shall be filed, **EITHER**
10 **ELECTRONICALLY OR MANUALLY**, within thirty (30) days after the
11 date the gift is made, and the tax due thereon shall be paid, **EITHER**
12 **ELECTRONICALLY OR MANUALLY**, at the time of filing. Except in
13 cases where the Commissioner otherwise permits, the return shall be
14 filed and the tax paid, **EITHER ELECTRONICALLY OR MANUALLY**,
15 to anY authorized agent bank, [the] Revenue District Office[r,]
16 **THROUGH** Revenue Collection Officer, or **AUTHORIZED TAX**
17 **SOFTWARE PROVIDER** [duly authorized Treasurer of the city or
18 municipality where the donor was domiciled at the time of the transfer,
19 or if there be no legal residence in the Philippines, with the Office of the
20 Commissioner. In the case of gifts made by a nonresident, the return
21 may be filed with the Philippine Embassy or Consulate in the country
22 where he is domiciled at the time of the transfer, or directly with the
23 Office of the Commissioner]."

1 SEC. 16. Section 106 of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

3 **"SEC. 106. Value-Added Tax on Sale of Goods or**
4 **Properties. –**

5 (A) **Rate and Base of Tax** –There shall be levied, assessed
6 and collected on every sale, barter or exchange of goods
7 or properties, a value-added tax equivalent to twelve
8 percent (12%) of the gross [selling price or gross value in
9 money] **SALES** of the goods or properties sold, bartered
10 or exchanged, such tax to be paid by the seller or
11 transferor.

12 **(1) xxx**

13 **(a) xxx**

14 **(b) xxx**

15 **(c) xxx**

16 **(d) xxx**

17 **(e) xxx**

18 **FOR THE PURPOSES OF THIS SECTION, [T]**The term 'gross
19 **[selling price] SALES'** means the total amount of money or its
20 equivalent which the purchaser pays or is obligated to pay to the
21 seller in consideration of the sale, barter or exchange of the
22 goods or properties, excluding the value-added tax. The excise
23 tax, if any, on such goods or properties shall form part of the
24 gross [selling price] **SALES.**

2 **(D) Sales Returns, Allowances and Sales Discounts. –**

3 The value of goods or properties sold and subsequently returned or for
4 which allowances were granted by a VAT-registered person may be
5 deducted from the gross sales [or receipts] for the quarter in which a
6 refund is made or a credit memorandum or refund is issued. Sales
7 discount granted and indicated in the invoice at the time of sale and
8 the grant of which does not depend upon the happening of a future
9 event may be excluded from the gross sales within the same quarter it
10 was given.

11 **(E) Authority of the Commissioner to Determine the**
12 **Appropriate Tax Base.** — The Commissioner shall, by rules and
13 regulations prescribed by the Secretary of Finance, determine the
14 appropriate tax base in cases where a transaction is deemed a sale,
15 barter or exchange of goods or properties under Subsection (B) hereof,
16 or where the gross [selling price] **SALES** is unreasonably lower than
17 the actual market value.”

18 SEC. 17. Section 108 of the National Internal Revenue Code of 1997, as
19 amended, is hereby further amended to read as follows:

20 **“SEC. 108. Value-added Tax on Sale of Services and Use**
21 **or Lease of Properties. –**

22 **(A) Rate and Base of Tax. –** There shall be levied, assessed
23 and collected, a value-added tax equivalent to twelve percent (12%) of

1 **THE** gross [receipts] **SALES** derived from the sale or exchange of
2 services, including the use or lease of properties.”

3 x x x

4 **FOR PURPOSES OF THIS SECTION, [T]**The term `gross
5 [receipts] **SALES** means the total amount of money or its equivalent
6 representing the contract price, compensation, service fee, rental or
7 royalty, including the amount charged for materials supplied with the
8 services [and deposits and advanced payments actually or
9 constructively received] during the taxable quarter for the services
10 performed [or to be performed] for another person, **WHICH THE**
11 **PURCHASER PAYS OR IS OBLIGATED TO PAY TO THE SELLER**
12 **IN CONSIDERATION OF THE SALE, BARTER, OR EXCHANGE OF**
13 **SERVICES THAT HAS ALREADY BEEN RENDERED BY THE**
14 **SELLER AND THE USE OR LEASE OF PROPERTIES THAT HAVE**
15 **ALREADY BEEN SUPPLIED BY THE SELLER,** excluding value-added
16 tax .

17 **(B) *Transactions Subject to Zero Percent (0%) Rate.* –**

18 x x x

19 **(C) BAD DEBTS. – A SELLER OF SERVICES MAY DEDUCT THE**
20 **PORTION OF VAT PERTAINING TO RECEIVABLES**
21 **CONSIDERED AS BAD DEBTS, UPON SATISFACTION OF**
22 **THE FOLLOWING CONDITIONS:**

23 **1) THE SELLER HAS FULLY PAID THE VAT ON THE**
24 **SERVICES RENDERED;**

1 2) THE SELLER HAS NOT COLLECTED IN FULL THE
2 AMOUNT PAYABLE TO HIM OR HER;

3 3) THE RECEIVABLE IS CONSIDERED AS BAD DEBTS
4 AND ACTUALLY ASCERTAINED TO BE WORTHLESS;

5 AND

6 4) THE BAD DEBT IS WRITTEN OFF.

7 THE SELLER SHALL DEDUCT SUCH VAT PAID FROM
8 THE VAT LIABILITY DURING THE YEAR WHEN THE BAD
9 DEBTS ARE WRITTEN OFF. IN CASE OF RECOVERY OF BAD
10 DEBTS PREVIOUSLY WRITTEN OFF, THE VAT PERTAINING
11 TO THE BAD DEBTS RECOVERED SHALL BE ADDED TO THE
12 VAT PAYABLE OF THE TAXPAYER IN THE YEAR OF
13 RECOVERY.

14 SEC. 18. Section 109 of the National Internal Revenue Code of 1997, as
15 amended, is hereby further amended to read as follows:

16 **"SEC. 109. *Exempt Transactions.* –**

17 **(1)** Subject to the provisions of Subsection (2) hereof, the following
18 transactions shall be exempt from the value-added tax:

19 x x x

20 **(CC)** Sale or lease of goods or properties or the performance of
21 services other than the transactions mentioned in the preceding
22 paragraphs, the gross annual sales [and/or receipts] do not exceed the
23 amount of Three million pesos (P3,000,000)[.]: **PROVIDED, THAT**
24 **THE AMOUNT HEREIN STATED SHALL BE ADJUSTED TO ITS**

1 **PRESENT VALUES USING THE CONSUMER PRICE INDEX, AS**
2 **PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY**
3 **(PSA) EVERY THREE (3) YEARS.**

4 **(2) A VAT-REGISTERED PERSON MAY ELECT THAT SUBSECTION**
5 **(1) NOT APPLY TO ITS SALE OF GOODS OR PROPERTIES OR**
6 **SERVICES: *PROVIDED*, THAT AN ELECTION MADE UNDER THIS**
7 **SUBSECTION SHALL BE IRREVOCABLE FOR A PERIOD OF THREE**
8 **(3) YEARS FROM THE QUARTER THE ELECTION WAS MADE.**

9 SEC. 19. Section 110 of the National Internal Revenue Code of 1997, as
10 amended, is hereby further amended to read as follows:

11 **"SEC. 110. *Tax Credits.* –**

12 **(A) *Creditable Input Tax.* –**

13 **(1) Any input tax evidenced by a VAT invoice [or official receipt]**
14 issued in accordance with Section 113 hereof on the following
15 transactions shall be creditable against the output tax:

16 **(a) Purchase or importation of goods:**

17 **(i) For sale; or**

18 **(ii) For conversion into or intended to form part of a**
19 finished product for sale including packaging materials;

20 or

21 **(iii) For use as supplies in the course of business; or**

22 **(iv) For use as materials supplied in the sale of service;**

23 or

1 (v) For use in trade or business [for which deduction
2 for depreciation or amortization is allowed under this
3 Code].

4 (b) Purchase of services on which a value-added tax has
5 been [actually paid] **ACCRUED.**"

6 x x x

7 SEC. 20. Section 112 of the National Internal Revenue Code of 1997, as
8 amended, is hereby further amended to read as follows:

9 **"SEC. 112. Refunds [or Tax Credits] of Input Tax. —**

10 x x x

11 **(B) Cancellation of VAT Registration. —** A person whose
12 registration has been cancelled due to retirement from or cessation of
13 business, or due to changes in or cessation of status under Section
14 106(C) of this Code may, within two (2) years from the date of
15 cancellation, apply for the issuance of a tax credit certificate or **CASH**
16 refund for any unused input tax which may be used in payment of his
17 other internal revenue taxes **OR APPLY FOR REFUND FOR ANY**
18 **UNUSED INPUT TAX.**

19 **(C) Period within which THE Refund [or tax credit] of**
20 **Input Taxes shall be Made. —** In proper cases, the Commissioner
21 shall grant a refund for creditable input taxes within ninety (90) days
22 from the date of submission of [the official receipt or] **ALL** invoices and
23 other documents in support of the application filed in accordance with
24 Subsections (A) and (B) hereof: **PROVIDED, THAT FOR THIS**

1 **PURPOSE, THE VAT REFUND CLAIMS SHALL BE CLASSIFIED**
2 **INTO LOW-, MEDIUM-, AND HIGH-RISK CLAIMS, WITH THE**
3 **RISK CLASSIFICATION BASED ON AMOUNT OF VAT REFUND**
4 **CLAIM, TAX COMPLIANCE HISTORY, FREQUENCY OF FILING**
5 **VAT REFUND CLAIMS, AMONG OTHERS; *PROVIDED, FURTHER,***
6 **THAT MEDIUM- AND HIGH-RISK CLAIMS SHALL BE SUBJECT TO**
7 **AUDIT OR OTHER VERIFICATION PROCESSES IN ACCORDANCE**
8 **WITH THE BIR'S NATIONAL AUDIT PROGRAM FOR THE**
9 **RELEVANT YEAR: *Provided, FINALLY,*** That should the Commissioner
10 find that the grant of refund is not proper, the Commissioner must state
11 in writing the legal and factual basis for the denial **WITHIN THE**
12 **NINETY (90)-DAY PERIOD.**

13 In case of full or partial denial of the claim for tax refund, **OR**
14 **THE FAILURE ON THE PART OF THE COMMISSIONER TO ACT ON**
15 **THE APPLICATION WITHIN THE PERIOD PRESCRIBED ABOVE,**
16 the taxpayer affected may, within thirty (30) days from the receipt of
17 the decision denying the claim **OR AFTER THE EXPIRATION OF THE**
18 **NINETY (90)-DAY PERIOD,** appeal the decision with the Court of Tax
19 Appeals: *Provided, however,* That failure on the part of any official,
20 agent, or employee of the BIR to act on the application within the ninety
21 (90)-day period shall be punishable under Section 269 of this Code.

22 (D) ***Manner of Giving Refund.*** - Refunds shall be made upon
23 warrants drawn by the Commissioner or by his duly authorized
24 representative without the necessity of being countersigned by the

1 Chairman, Commission on Audit, the provisions of the Administrative
2 Code of 1987 to the contrary notwithstanding: *Provided*, That refunds
3 under this paragraph shall be subject to post audit by the Commission
4 on Audit **FOLLOWING THE RISK-BASED CLASSIFICATION**
5 **ABOVE-DESCRIBED."**

6 x x x

7 SEC. 21. Section 113 of the National Internal Revenue Code of 1997, as
8 amended, is hereby amended to read as follows:

9 **"SEC. 113. *Invoicing and Accounting Requirements for***
10 ***VAT-Registered Persons. —***

11 **(A) *Invoicing Requirement[s]. —*** A VAT-registered person
12 shall issue [÷

13 (1)] A VAT invoice for every sale, barter, [or] exchange, **OR**
14 **LEASE** of goods or properties [; and

15 (2) A VAT official receipt for every lease of goods or properties],
16 and for every sale, barter or exchange of services."

17 **(B) *Information Contained in the VAT Invoice [or VAT***
18 ***Official Receipt]. —*** The following information shall be indicated in the
19 VAT invoice [or VAT official receipt]:

20 (1) A statement that the seller is a VAT-registered person,
21 followed by [his] **THE SELLER'S** Taxpayer's Identification Number
22 (TIN);

1 (2) The total amount which the purchaser pays or is obligated to
2 pay to the seller with the indication that such amount includes the value-
3 added tax: *Provided, That:*

4 (a) The amount of the tax shall be shown as a separate item in
5 the invoice [or receipt];

6 (b) If the sale is exempt from value-added tax, the term 'VAT-
7 exempt sale' shall be written or printed [prominently] on the invoice [or
8 receipt];

9 (c) If the sale is subject to zero percent (0%) value-added tax,
10 the term 'zero-rated sale' shall be written or printed [prominently] on
11 the invoice [or receipt];

12 (d) If the sale involves goods, properties or services some of
13 which are subject to and some of which are VAT zero-rated or VAT-
14 exempt, the invoice [or receipt] shall clearly indicate the break-down of
15 the sale price between its taxable, exempt and zero-rated components,
16 and the calculation of the value-added tax on each portion of the sale
17 shall be shown on the invoice [or receipt]: *Provided, That* the seller may
18 issue separate invoices [or receipts] for the taxable, exempt, and zero-
19 rated components of the sale.

20 **(3)** x x x

21 **(4)** In the case of sales in the amount of One thousand pesos
22 (P1,000) or more where the sale or transfer is made to a VAT-registered
23 person, the name, [business style, if any,] address and Taxpayer
24 Identification Number (TIN) of the purchaser, customer or client.

1 (C) x x x

2 (D) **Consequence of Issuing AN Erroneous VAT Invoice** [*or*
3 *VAT Official Receipt*]. —

4 (1) If a person who is not a VAT-registered person issues an
5 invoice [*or receipt*] showing [*his*] **THE PERSON'S** Taxpayer
6 Identification Number (TIN), followed by the word 'VAT':

7 (a) The issuer shall, in addition to any liability to other percentage
8 taxes, be liable to:

9 (i) The tax imposed in Section 106 or 108 without the benefit of
10 any input tax credit; and

11 (ii) A fifty percent (50%) surcharge under Section 248 (B) of this
12 Code;

13 (b) The VAT shall, if the other requisite information required
14 under Subsection (B) hereof is shown on the invoice [*or receipt*], be
15 recognized as an input tax credit to the purchaser under Section 110 of
16 this Code.

17 (2) If a VAT-registered person issues a VAT invoice [*or VAT*
18 *official receipt*] for a VAT-exempt transaction, but fails to display
19 [*prominently*] on the invoice [*or receipt*] the term 'VAT-exempt sale',
20 **OR CLEARLY PROVIDE A BREAKDOWN OF THE VAT-EXEMPT**
21 **SALE AS PROVIDED FOR UNDER PARAGRAPH B (2) (D) HEREIN,**
22 the issuer shall be liable to account for the tax imposed in Section 106
23 or 108 as if Section 109 did not apply.

1 **(3) IF A VAT-REGISTERED PERSON ISSUES A VAT-**
2 **INVOICE TO ANOTHER VAT-REGISTERED PERSON WITH**
3 **LACKING INFORMATION REQUIRED UNDER SUBSECTION (B)**
4 **HEREOF, THE ISSUER SHALL BE LIABLE FOR NON-COMPLIANCE**
5 **WITH THE INVOICING REQUIREMENT, HOWEVER, THE VAT**
6 **SHALL STILL BE ALLOWED TO BE USED AS INPUT TAX CREDIT**
7 **ON THE PART OF THE PURCHASER PURSUANT TO SECTION 110**
8 **OF THIS CODE IF THE LACKING INFORMATION DO NOT**
9 **PERTAIN TO THE AMOUNT OF SALES, AMOUNT OF VAT, NAME**
10 **AND TIN OF BOTH THE PURCHASER AND ISSUER/SELLER, AND**
11 **THE DATE OF THE TRANSACTION.**

12 SEC. 22. Section 114 of the National Internal Revenue Code of 1997, as
13 amended, is hereby further amended to read as follows:

14 **"SEC. 114. *Return and Payment of Value-Added Tax.* —**

15 **(A) *In General.*** — Every person liable to pay the value-added
16 tax imposed under this Title shall file, **EITHER ELECTRONICALLY OR**
17 **MANUALLY**, a quarterly return of the amount of his gross sales [or
18 receipts] within twenty-five (25) days following the close of each taxable
19 quarter prescribed for each taxpayer: *Provided, however,* That VAT-
20 registered persons shall pay, **EITHER ELECTRONICALLY OR**
21 **MANUALLY**, the value-added tax on a monthly basis: *Provided, finally,*
22 That beginning January 1, 2023, the filing and payment required under
23 this Subsection shall be done within twenty-five (25) days following the
24 close of each taxable quarter.

1 x x x

2 **(B) *Where to File the Return and Pay the Tax.*** – Except
3 as the Commissioner otherwise permits, the return shall be filed with
4 and the tax paid, **EITHER ELECTRONICALLY OR MANUALLY**, to anY
5 authorized agent bank, **REVENUE DISTRICT OFFICE THROUGH**
6 Revenue Collection Officer, **OR AUTHORIZED TAX SOFTWARE**
7 **PROVIDER** [or duly authorized city or municipal Treasurer in the
8 Philippines located within the revenue district where the taxpayer is
9 registered or required to register].”

10 x x x

11 SEC. 23. Section 115 of the National Internal Revenue Code of 1997, as
12 amended, is hereby amended to read as follows:

13 **“SEC. 115. *Power of the Commissioner to Suspend the***
14 ***Business Operations of a Taxpayer.*** — The Commissioner or his
15 authorized representative is hereby empowered to suspend the business
16 operations and temporarily close the business establishment of any
17 person for any of the following violations:

18 **(a) *In the case of a VAT-registered Person.*** —

19 (1) Failure to issue [receipts or] invoices;

20 (2) Failure to file a value-added tax return as required under
21 Section 114; or

22 (3) Understatement of taxable sales [or receipts] by thirty
23 percent (30%) or more of his correct taxable sales [or receipts] for the
24 taxable quarter.

1 x x x

2 SEC. 24. Section 116 of the National Internal Revenue Code of 1997, as
3 amended, is hereby further amended to read as follows:

4 **"SEC. 116. *Tax on Persons Exempt from Value-Added Tax***
5 ***(VAT).***—Any person whose sales [or receipts] are exempt under
6 Section 109 (CC) of this Code from the payment of value-added tax and
7 who is not a VAT-registered person shall pay **EITHER**
8 **ELECTRONICALLY OR MANUALLY**, a tax equivalent to three percent
9 (3%) of his gross quarterly sales [or receipts]; *Provided*, That
10 cooperatives, shall be exempt from the three percent (3%) gross
11 receipts tax herein imposed."

12 SEC. 25. Section 117 of the National Internal Revenue Code of 1997, as
13 amended, is hereby further amended to read as follows:

14 **"SEC. 117. *Percentage Tax on Domestic Carriers and***
15 ***Keepers of Garages.*** — Cars for rent or hire driven by the lessee;
16 transportation contractors, including persons who transport passengers
17 for hire, and other domestic carriers by land for the transport of
18 passengers (except owners of bancas and owners of animal-drawn two
19 wheeled vehicle), and keepers of garages shall pay a tax equivalent to
20 three percent (3%) of their quarterly gross [receipts] **SALES.**

21 The gross [receipts] **SALES** of common carriers derived from
22 their incoming and outgoing freight shall not be subjected to the local
23 taxes imposed under Republic Act No. 7160, otherwise known as the
24 Local Government Code of 1991.

1 [In computing the percentage tax provided in this Section, the
2 following shall be considered the minimum quarterly gross receipts in
3 each particular case:

4 Jeepney for hire –

5	1. Manila and other cities	P2,400
6	2. Provincial	1,200

7 Public utility bus –

8	Not exceeding 30 passengers	P3,600
9	Exceeding 30 but not exceeding 50 passengers	6,000
10	Exceeding 50 passengers	7,200

11 Taxis –

12	1. Manila and other cities	P3,600
13	2. Provincial	2,400

14 Car for hire (with chauffeur) P3,000

15 Car for hire (without chauffeur) 1, 800]

16 SEC. 26. Section 118 of the National Internal Revenue Code of 1997, as
17 amended, is hereby further amended to read as follows:

18 **“SEC. 118. Percentage Tax on International Carriers. —**

19 (A) International air carriers doing business in the Philippines on
20 their gross [receipts] **SALES** derived from transport of cargo
21 from the Philippines to another country shall pay a tax of three
22 percent (3%) of their quarterly gross [receipts] **SALES.**

23 (B) International shipping carriers doing business in the
24 Philippines on their gross [receipts] **SALES** derived from

1 transport of cargo from the Philippines to another country shall
2 pay a tax equivalent to three percent (3%) of their quarterly
3 gross [receipts] **SALES**.

4 SEC. 27. Section 119 of the National Internal Revenue Code of 1997, as
5 amended, is hereby further amended to read as follows:

6 **"SEC. 119. Tax on Franchises.** — Any provision of general or
7 special law to the contrary notwithstanding, there shall be levied,
8 assessed and collected in respect to all franchises on radio and/or
9 television broadcasting companies whose annual gross [receipts]
10 **SALES** of the preceding year do not exceed Ten million pesos
11 (P10,000,000), subject to Section 236 of this Code, a tax of three
12 percent (3%) and on gas and water utilities, a tax of two percent (2%)
13 on the gross [receipts] **SALES** derived from the business covered by
14 the law granting the franchise: *Provided, however,* That radio and
15 television broadcasting companies referred to in this Section shall have
16 an option to be registered as a value-added taxpayer and pay the tax
17 due thereon: *Provided, further,* That once the option is exercised, said
18 option shall be irrevocable.

19 x x x

20 SEC. 28. Section 120 of the National Internal Revenue Code of 1997, as
21 amended, is hereby further amended to read as follows:

22 **"SEC. 120. Tax on Overseas Dispatch, Message or**
23 ***Conversation Originating from the Philippines.* —**

1 (A) Persons Liable. — There shall be collected upon every
2 overseas dispatch, message or conversation transmitted
3 from the Philippines by telephone, telegraph, telewriter
4 exchange, wireless and other communication equipment
5 services, a tax of ten percent (10%) on the amount [paid]
6 **BILLED** for such services. The tax imposed in this Section
7 shall be payable by the person paying for the services
8 rendered and shall be paid to the person rendering the
9 services who is required to collect and pay the tax within
10 twenty (20) days after the end of each quarter.

11 (B) Exemptions. — The tax imposed by this Section shall not apply

12 to:

13 (1) Government. — Amounts [paid] **BILLED** for messages
14 transmitted by the Government of the Republic of the Philippines
15 or any of its political subdivisions or instrumentalities;

16 (2) Diplomatic Services. — Amounts [paid] **BILLED** for
17 messages transmitted by any embassy and consular offices of a
18 foreign government;

19 (3) International Organizations. — Amounts [paid]
20 **BILLED** for messages transmitted by a public international
21 organization or any of its agencies based in the Philippines
22 enjoying privileges, exemptions and immunities which the
23 Government of the Philippines is committed to recognize pursuant
24 to an international agreement; and

1 (4) News Services. — Amounts [paid] **BILLED** for
2 messages from any newspaper, press association, radio or
3 television newspaper, broadcasting agency, or newstickers
4 services, to any other newspaper, press association, radio or
5 television newspaper broadcasting agency, or newsticker service
6 or to a bona fide correspondent, which messages deal exclusively
7 with the collection of news items for, or the dissemination of news
8 item through, public press, radio or television broadcasting or a
9 newsticker service furnishing a general news service similar to that
10 of the public press.

11 SEC. 29. Section 128 of the National Internal Revenue Code of 1997, as
12 amended, is hereby amended to read as follows:

13 **“SEC. 128. Returns and Payment of Percentage Taxes. —**

14 (A) *Returns of Gross Sales, Receipts or Earnings and Payment of*
15 *Tax. —*

16 (1) *Persons Liable to Pay Percentage Taxes.* - Every person
17 subject to the percentage taxes imposed under this Title shall file,
18 **EITHER ELECTRONICALLY OR MANUALLY**, a quarterly return of the
19 amount of [his] **THE PERSON’S** gross sales, receipts or earnings and
20 pay, **EITHER ELECTRONICALLY OR MANUALLY, TO ANY**
21 **AUTHORIZED AGENT BANK, REVENUE DISTRICT OFFICE**
22 **THROUGH REVENUE COLLECTION OFFICER, OR AUTHORIZED**
23 **TAX SOFTWARE PROVIDER**, the tax due thereon within twenty-five
24 (25) days after the end of each taxable quarter: *Provided*, That in the

1 case of a person whose VAT registration is cancelled and who becomes
2 liable to the tax imposed in Section 116 of this Code, the tax shall accrue
3 from the date of cancellation and shall be paid in accordance with the
4 provisions of this Section.

5 (2) *Person Retiring from Business.* - Any person retiring from a
6 business subject to percentage tax shall notify the nearest internal
7 revenue officer, file, **EITHER ELECTRONICALLY OR MANUALLY,**
8 **[his] THE PERSON'S** return and pay, **EITHER ELECTRONICALLY**
9 **OR MANUALLY** the tax due thereon within twenty (20) days after
10 closing **[his] THE** business.

11 **x x x**

12 **(B) Where to File.** – Except as the Commissioner otherwise
13 permits, every person liable to the percentage tax under this Title [may,
14 at his option,] **SHALL** file **EITHER ELECTRONICALLY OR**
15 **MANUALLY,** a [separate return for each branch or place of business,
16 or] consolidated return for all branches or places of business with [the]
17 **ANY** authorized agent bank, Revenue District Office[r,] **THROUGH**
18 **REVENUE** Collection **OFFICER, OR AUTHORIZED TAX SOFTWARE**
19 **PROVIDER** [Agent or duly authorized Treasurer of the city or
20 municipality where said business or principal place of business is located,
21 as the case may be].”

22 SEC. 30. Section 200 of the National Internal Revenue Code of 1997, as
23 amended, is hereby amended to read as follows:

24 **“SEC. 200. Payment of Documentary Stamp Tax. –**

1 **(A) *In General.*** – The provisions of Presidential Decree No.
2 1045 notwithstanding, any person liable to pay documentary stamp tax
3 upon any document subject to tax under Title VII of this Code shall file
4 a tax return, **EITHER ELECTRONICALLY OR MANUALLY**, and pay,
5 **EITHER ELECTRONICALLY OR MANUALLY**, the tax in accordance
6 with the rules and regulations to be prescribed by the Secretary of
7 Finance, upon recommendation of the Commissioner.

8 **(B) *Time for Filing and Payment of the Tax.*** – Except as
9 provided by rules and regulations promulgated by the Secretary of
10 Finance, upon recommendation of the Commissioner, the tax return
11 prescribed in this Section shall be filed, **EITHER ELECTRONICALLY**
12 **OR MANUALLY**, within ten (10) days after the close of the month when
13 the taxable document was made, signed, issued, accepted, or
14 transferred, and the tax thereon shall be paid, **EITHER**
15 **ELECTRONICALLY OR MANUALLY**, at the same time the aforesaid
16 return is filed.

17 **(C) *Where to File.*** – Except in cases where the Commissioner
18 otherwise permits, the aforesaid tax return shall be filed, **EITHER**
19 **ELECTRONICALLY OR MANUALLY**, with and the tax due shall be
20 paid, **EITHER ELECTRONICALLY OR MANUALLY**, through [the]
21 **ANY** authorized agent bank [within the territorial jurisdiction of the],
22 Revenue District Office **THROUGH REVENUE COLLECTION**
23 **OFFICER, OR AUTHORIZED TAX SOFTWARE PROVIDER** [which
24 has jurisdiction over the residence or principal place of business of the

1 taxpayer. In places where there is no authorized agent bank, the return
2 shall be filed with, or duly authorized Treasurer of the city or municipality
3 in which the taxpayer has his legal residence or principal place of
4 business].

5 x x x

6 SEC. 31. Section 204 of the National Internal revenue Code of 1997, as
7 amended, is hereby further amended to read as follows:

8 ***“SEC. 204. Authority of the Commissioner to Compromise,
9 Abate and Refund or Credit Taxes. –***

10 The Commissioner may –

11 x x x

12 (C) Credit or refund taxes erroneously or illegally received or
13 penalties imposed without authority, refund the value of internal
14 revenue stamps when they are returned in good condition by the
15 purchaser, and, in his discretion, redeem or change unused stamps that
16 have been rendered unfit for use and refund their value upon proof of
17 destruction. No credit or refund of taxes or penalties shall be allowed
18 unless the taxpayer files in writing with the Commissioner a claim for
19 credit or refund within two (2) years after the payment of the tax or
20 penalty: *Provided, however,* That a return filed showing an
21 overpayment shall be considered as a written claim for credit or refund:

22 ***PROVIDED, FURTHER THAT THE COMMISSIONER SHALL***
23 ***PROCESS THE REFUND UNDER THIS PROVISION WITHIN ONE***
24 ***HUNDRED FIFTY (150) DAYS FROM DATE OF SUBMISSION OF***

1 **COMPLETE DOCUMENTS IN SUPPORT OF THE APPLICATION**
2 **FILED: *PROVIDED, FURTHERMORE,* THAT SHOULD THE**
3 **COMMISSIONER DENY, IN FULL OR IN PART, THE CLAIM FOR**
4 **REFUND, THE COMMISSIONER SHALL STATE THE LEGAL**
5 **AND/OR FACTUAL BASIS FOR THE DENIAL: *PROVIDED***
6 ***FINALLY,* THAT FAILURE ON THE PART OF ANY OFFICIAL,**
7 **AGENT, OR EMPLOYEE OF THE BIR TO ACT ON THE**
8 **APPLICATION WITHIN ONE HUNDRED FIFTY (150) DAY**
9 **PERIOD SHALL BE PUNISHABLE UNDER SECTION 269 OF THIS**
10 **CODE.**

11 A Tax Credit Certificate validly issued under the provisions of this
12 Code may be applied against any internal revenue tax, excluding
13 withholding taxes, for which the taxpayer is directly liable. Any request
14 for conversion into refund of unutilized tax credits may be allowed,
15 subject to the provisions of Section 230 of this Code: *Provided,* That the
16 original copy of the Tax Credit Certificate showing a creditable balance
17 is surrendered to the appropriate revenue officer for verification and
18 cancellation: *Provided, further,* That in no case shall a tax refund be
19 given resulting from avilment of incentives granted pursuant to special
20 laws for which no actual payment was made.”

21 X X X

22 SEC. 32. Section 236 of the National Internal Revenue Code of 1997, as
23 amended, is hereby further amended to read as follows:

24 **“SEC. 236. *Registration Requirements.* –**

1 **(A) Requirements.** – Every person subject to any internal
2 revenue tax shall register once, **EITHER ELECTRONICALLY OR**
3 **MANUALLY**, with the appropriate Revenue District Office[r]:

4 **(1)** Within ten (10) days from date of employment, or

5 **(2)** On or before the commencement of business, or

6 **(3)** Before payment of any tax due, or

7 **(4)** Upon filing of a return, statement or declaration as required
8 in this Code.

9 The registration shall contain the taxpayer's name, [style,] place of
10 residence, business, and such other information as may be required by
11 the Commissioner in the form prescribed therefor: *Provided*, **THAT THE**
12 **COMMISSIONER SHALL ENSURE THE AVAILABILITY OF**
13 **REGISTRATION FACILITIES TO ALL TAXPAYERS INCLUDING**
14 **THOSE WHO ARE NOT RESIDING IN THE COUNTRY: PROVIDED,**
15 **FURTHER,** That the Commissioner shall simplify the business
16 registration and tax compliance requirements of self-employed
17 individuals and/or professionals.

18 x x x

19 **[(B) Annual Registration Fee.** – An annual registration fee in the
20 amount of Five hundred pesos (PhP500) for every separate or distinct
21 establishment or place of business, including facility types where sales
22 transactions occur, shall be paid upon registration and every year
23 thereafter on or before the last day of January: *Provided*, however, That
24 cooperatives, individuals earning purely compensation income, whether

1 locally or abroad, and overseas workers are not liable to the registration
2 fee herein imposed.

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

7 **[(C)] (B) *Registration of Each Type of Internal Revenue***

8 **Tax.** – Every person who is required to register with the Bureau of
9 Internal Revenue under Subsection (A) hereof, shall register each type
10 of internal revenue tax for which he is obligated, shall file a return,
11 **EITHER ELECTRONICALLY OR MANUALLY,** and shall pay,
12 **EITHER ELECTRONICALLY OR MANUALLY,** such taxes, and shall
13 update[s] such registration of any changes in accordance with
14 Subsection [(E)] (D) hereof.

15 **[(D)] (C) *Transfer of Registration.*** – In case a registered
16 person decides to transfer **THE**[his] place of business or [his] head
17 office or branches, it shall be **THE PERSON'S** [his] duty to update
18 **THE**[his] registration status by **MERELY** filing, **EITHER**
19 **ELECTRONICALLY OR MANUALLY,** an application for registration
20 information update in the form prescribed therefor; **PROVIDED,**
21 **HOWEVER, THAT IF THE TRANSFERING REGISTERED**
22 **PERSON IS SUBJECT OF AN AUDIT INVESTIGATION, THE**
23 **REVENUE DISTRICT OFFICE WHERE SUCH PERSON IS TO**
24 **TRANSFER SHALL CONTINUE THE SAME: PROVIDED,**

1 **FINALLY, THE TRANSFER OF AUDIT INVESTIGATION SHALL**
2 **NOT BE ALLOWED IF IT IS DETERMINED AS A PRESCRIBING**
3 **CASE.”**

4 **[(E)] (D) Other Updates. – x x x**

5 **[(F)] (E) Cancellation of Registration. –**

6 **(1) General Rule. –** The registration of any person [who
7 ceases to be liable to a tax type] shall be cancelled upon **MERE**
8 filing, **EITHER ELECTRONICALLY OR MANUALLY**, with the
9 Revenue District Office where he is registered an application for
10 registration information update in a form prescribed therefor.

11 **HOWEVER, THIS SHALL NOT PRECLUDE THE**
12 **COMMISSIONER OF THE INTERNAL REVENUE OR HIS**
13 **AUTHORIZED REPRESENTATIVE FROM CONDUCTING AN**
14 **AUDIT IN ORDER TO DETERMINE ANY TAX LIABILITY;**

15 **(2) Cancellation of Value-Added Tax Registration.**

16 – A VAT- registered person may cancel [his] **THE** registration for
17 VAT if:

18 (a) [He]**THE PERSON** makes **A** written **OR AN**
19 **ELECTRONIC** application and can demonstrate to the
20 Commissioner’s satisfaction that [his] **THE** gross sales or receipts
21 for the following twelve (12) months, other than those that are
22 exempt under Section 109 (A) to ([U]**CC**), will not exceed [One
23 million five hundred thousand] **THE THRESHOLD AS**
24 **PROVIDED IN SECTION 109(CC);** or

1 (b) [He] **THE PERSON** has ceased to carry on [his] **THE**
2 trade or business, and does not expect to recommence any trade
3 or business within the next (12) months.

4 The cancellation of registration will be effective from the
5 first day of the following month.

6 **[(G)] (F) Persons Required to Register for Value-Added**
7 **Tax. —**

8 (1) Any person who, in the course of trade or business, sells,
9 barter or exchanges goods or properties, or engages in the sale
10 or exchange of services, shall be liable to register, **EITHER**
11 **ELECTRONICALLY OR MANUALLY**, for value-added tax if:

12 (a) [His]**THE PERSON'S** gross sales [or receipts] for the past
13 twelve (12) months, other than those that are exempt under
14 Section 109(A) to ([BB]**CC**), have exceeded [Three million pesos
15 (P3,000,000)] **THE THRESHOLD AS PROVIDED IN SECTION**
16 **109(CC);**

17 (b) There are reasonable grounds to believe that [his]
18 **THE** gross sales [or receipts] for the next twelve (12) months,
19 other than those that are exempt under Section 109(A) to
20 ([BB]**CC**), will exceed [Three million pesos (P3,000,000)] **THE**
21 **THRESHOLD AS PROVIDED IN SECTION 109 (CC).**

22 (2) Every person who becomes liable to be registered
23 under paragraph (1) of this Subsection shall register, **EITHER**
24 **ELECTRONICALLY OR MANUALLY**, with the **APPROPRIATE**

1 Revenue District Office, **AS DETERMINED BY THE**
2 **COMMISSIONER** [which has jurisdiction over the head office or
3 branch of that person, and shall pay the annual registration fee
4 prescribed in Subsection (B) hereof]. If he fails to register, he
5 shall be liable to pay the tax under Title IV as if he were a VAT-
6 registered person, but without the benefit of input tax credits for
7 the period in which he was not properly registered.

8 **[(H)] (G) *Optional Registration for Value-Added Tax of***
9 ***Exempt Person. –***

10 (1) Any person who is not required to register for value-
11 added tax under Subsection **[(G)] (F)** hereof may elect to
12 register, **EITHER ELECTRONICALLY OR MANUALLY**, for
13 value-added tax [by registering] with the Revenue District Office
14 that has a jurisdiction over the head office of that person. [, and
15 paying the annual registration fee in Subsection (B) hereof.]

16 (2) Any person who elects to register under this Subsection
17 shall not be entitled to cancel his registration under Subsection
18 **[(F)] (E)**(2) for the next three (3) years.

19 x x x

20 For purposes of Title IV of this code, any person who has
21 registered value-added tax as a tax type in accordance with the
22 provisions of Subsection **[(C)]B** hereof shall be referred to as a
23 "VAT-registered person" who shall be assigned only one Taxpayer
24 Identification Number (TIN).

1 **[(I)] (H) *Supplying of Taxpayer Identification Number***
2 ***(TIN).* –**

3 Any person required under the authority of this Code to
4 make, render or file a return, statement or other document shall
5 be supplied with or assigned a Taxpayer Identification Number
6 (TIN) which [he] **THE PERSON** shall indicate in such return,
7 statement or document filed, **EITHER ELECTRONICALLY OR**
8 **MANUALLY**, with the Bureau of Internal Revenue for [his]
9 proper identification for tax purposes, and which [he] **THE**
10 **PERSON** shall indicate in certain documents, such as, but not
11 limited to the following:

12 x x x

13 In cases where a registered taxpayer dies, the administrator
14 or executor shall register, **EITHER ELECTRONICALLY OR**
15 **MANUALLY**, the estate of the decedent in accordance with
16 Subsection (A) hereof and a new Taxpayer Identification Number
17 (TIN) shall be supplied in accordance with the provisions of this
18 Section.

19 In the case of a nonresident decedent, the executor or
20 administrator of the estate shall register, **EITHER**
21 **ELECTRONICALLY OR MANUALLY**, the estate with the
22 Revenue District Office where [he] **THE EXECUTOR OR**
23 **ADMINISTRATOR** is registered: *Provided, however,* That in
24 case such executor or administrator is not registered, registration

1 of the estate shall be made with the Taxpayer Identification
2 Number (TIN) supplied by the Revenue District Office having
3 jurisdiction over **THE EXECUTOR OR ADMINISTRATOR'S**
4 legal residence.

5 x x x"

6 SEC. 33. Section 237 of the National Internal Revenue Code of 1997, as
7 amended, is hereby further amended to read as follows:

8 **"SEC. 237. Issuance of [Receipts or] Sales or Commercial**
9 **Invoices. —**

10 **(A) Issuance. —** All persons subject to an internal revenue tax
11 shall, at the point of each sale and transfer of merchandise or for
12 services rendered valued at One hundred pesos (PhP100.00) or more,
13 issue duly registered [receipts or] sale or commercial invoices, showing
14 the **NAME, TAXPAYER IDENTIFICATION NUMBER (TIN)**, date of
15 transaction, quantity, unit cost and description of merchandise or nature
16 of service: **PROVIDED, THAT THE AMOUNT HEREIN STATED**
17 **SHALL BE ADJUSTED TO ITS PRESENT VALUES EVERY THREE**
18 **(3) YEARS USING THE CONSUMER PRICE INDEX, AS**
19 **PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY**
20 **(PSA): Provided, however, That [where the receipt is issued to cover**
21 **payment made as rentals, commissions, compensation or fees, receipts**
22 **or invoices shall be issued which shall show the name, business style, if**
23 **any, and address of the purchaser, customer or client:] IF THE SALES**
24 **AMOUNT PER TRANSACTION IS BELOW THE THRESHOLD, THE**

1 **SELLER WILL ISSUE ONE (1) INVOICE FOR THE AGGREGATE**
2 **SALES AMOUNT FOR SUCH SALES AT THE END OF THE DAY**
3 **EXCEPT WHEN THE BUYER REQUIRES THE ISSUANCE OF SALES**
4 **OR COMMERCIAL INVOICE FOR PURPOSES OF**
5 **SUBSTANTIATING CLAIMS FOR ALLOWABLE EXPENSES:**
6 *Provided, further,* That [where the purchaser is a VAT-registered
7 person, in addition to the information herein required, the invoice or
8 receipt shall further show the Taxpayer Identification Number (TIN) of
9 the purchaser.] **VAT-REGISTERED PERSONS SHALL ISSUE DULY**
10 **REGISTERED SALE OR COMMERCIAL INVOICES REGARDLESS**
11 **OF THE AMOUNT OF THE SALE AND TRANSFER OF**
12 **MERCHANDISE OR FOR SERVICES RENDERED.”**

13 x x x

14 SEC. 34. Section 241 of the National Internal Revenue Code of 1997, as
15 amended, is hereby amended to read as follows:

16 **“SEC. 241. *Exhibition of Certificate of Payment at Place of***
17 ***Business.*** - The certificate or receipts showing payment of taxes issued to a
18 person engaged in [a] business [subject to an annual registration fee] shall be
19 kept conspicuously exhibited in plain view in or at the place where the business
20 is conducted; and in case of a peddler or other persons not having a fixed place
21 of business, shall be kept in the possession of the holder thereof, subject to
22 production upon demand of any internal revenue officer.”

23 SEC. 35. Section 242 of the National Internal Revenue Code of 1997, as
24 amended, is hereby amended to read as follows:

1 **"SEC. 242. Continuation of Business of Deceased Person.** - When
2 any individual who has [paid the annual registration fee] **REGISTERED A**
3 **BUSINESS** dies, and the same business is continued by the person or persons
4 interested in his estate, no additional payment shall be required for the residue
5 of the term which the tax was paid: Provided, however, That the person or
6 persons interested in the estate should, within thirty (30) days from the death
7 of the decedent, submit to the Bureau of Internal Revenue or the Regional or
8 Revenue District Office inventories of goods or stocks had at the time of such
9 death.

10 The requirement under this Section shall also be applicable in the case
11 of transfer of ownership or change of name of the business establishment."

12 SEC. 36. Section 243 of the National Internal Revenue Code of 1997, as
13 amended, is hereby amended to read as follows:

14 **"SEC. 243. Removal of Business to Other Location.** - Any
15 **REGISTERED** business [for which the annual registration fee has been paid]
16 may, subject to the rules and regulations prescribed by the Secretary of
17 Finance, upon recommendation of the Commissioner, be removed and
18 continued in any other place without the payment of additional tax during the
19 term for which the payment was made."

20 SEC. 37. Section 245 of the National Internal Revenue Code of 1997, as
21 amended, is hereby amended to read as follows:

22 **"SEC. 245. Specific Provisions to be Contained in Rules**
23 **and Regulations.** — The rules and regulations of the Bureau of

1 Internal Revenue shall, among other things, contain provisions
2 specifying, prescribing or defining:

3 x x x

4 "(j) The manner in which internal revenue taxes, such as income
5 tax, including withholding tax, estate and donor's taxes, value-added
6 tax, other percentage taxes, excise taxes and documentary stamp taxes
7 shall be paid, **EITHER ELECTRONICALLY OR MANUALLY**, through
8 the collection officers of the Bureau of Internal Revenue or through duly
9 authorized agent banks which are hereby deputized to receive payments
10 of such taxes and the returns, papers and statements that may be filed
11 by the taxpayers in connection with the payment of the tax: *Provided,*
12 *however,* That notwithstanding the other provisions of this Code
13 prescribing the place of filing of returns and payment of taxes, the
14 Commissioner may, by rules and regulations, require that the tax
15 returns, papers and statements and taxes of **MEDIUM AND** large
16 taxpayers be filed and paid, respectively, **THROUGH ANY**
17 **AUTHORIZED AGENT BANKS, OR WITH ANY REVENUE**
18 **DISTRICT OFFICE THROUGH REVENUE C[c]ollection O[o]fficer[s,**
19 **or through duly authorized agent banks] OR AUTHORIZED TAX**
20 **SOFTWARE PROVIDER** [: *Provided, further,* That the Commissioner
21 can exercise this power within six (6) years from the approval of
22 Republic Act No. 7646 or the completion of its comprehensive
23 computerization program, whichever comes earlier: *Provided, finally,*
24 That separate venues for the Luzon, Visayas and Mindanao areas may

1 be designated for the filing of tax returns and payment of taxes by said
2 large taxpayers.

3 For purposes of this Section, 'large taxpayer' means a taxpayer
4 who satisfies any of the following criteria:

5 "(1) Value-Added Tax (VAT) — Business establishment with
6 VAT paid or payable of at least One hundred thousand
7 pesos (PhP100,000) for any quarter of the preceding
8 taxable year;

9 "(2) Excise Tax — Business establishment with excise tax
10 paid or payable of at least One million pesos
11 (PhP1,000,000) for the preceding taxable year;

12 "(3) Corporate Income Tax — Business establishment with
13 annual income tax paid or payable of at least One million
14 pesos (PhP1,000,000) for the preceding taxable year;
15 and

16 "(4) Withholding Tax — Business establishment with
17 withholding tax payment or remittance of at least One
18 million pesos (PhP1,000,000) for the preceding taxable
19 year.

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

1 “The penalties prescribed under Section 248 of this Code shall be
2 imposed on any violation of the rules and regulations issued by the
3 Secretary of Finance, upon recommendation of the Commissioner,
4 prescribing the place of filing of returns and payments of taxes by
5 **MEDIUM AND** large taxpayers.”

6 SEC. 38. Section 248 of the National Internal Revenue Code of 1997, as
7 amended, is hereby amended to read as follows:

8 **“SEC. 248. *Civil Penalties.* –**

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

12 (1) Failure to file any return and pay the tax due thereon as
13 required under the provisions of this Code or rules and
14 regulations on the date prescribed; or

15 [(2) Unless otherwise authorized by the Commissioner, filing a
16 return with an internal revenue officer other than those with
17 whom the return is required to be filed;]

18 [[3]] **(2)** Failure to pay the deficiency tax within the time
19 prescribed for its payment in the notice of assessment; or

20 [[4]] **(3)** Failure to pay the full or part of the amount of tax
21 shown on any return required to be filed under the provisions of
22 this Code or rules and regulations, or the full amount of tax due
23 for which no return is required to be filed, on or before the date
24 prescribed for its payment.

1 x x x"

2 SEC. 39. Section 269 (j) of the National Internal Revenue Code of 1997, as
3 amended, is hereby amended to read as follows:

4 "**SEC. 269. *Violations Committed by Government***

5 ***Enforcement Officers.*** — Every official, agent, or employee of the
6 Bureau of Internal Revenue or any other agency of the Government
7 charged with the enforcement of the provisions of this Code, who is
8 guilty of any of the offenses hereinbelow specified shall, upon conviction
9 for each act or omission, be punished by a fine of not less than Fifty
10 thousand pesos (P50,000) but not more than One hundred thousand
11 pesos (P100,000) and suffer imprisonment of not less than ten (10)
12 years but not more than fifteen (15) years and shall likewise suffer an
13 additional penalty of perpetual disqualification to hold public office, to
14 vote, and to participate in any public election:

15 X X X

16 "(j) Deliberate failure to act on the application for refunds within the
17 prescribed period provided under Section 112 **AND SECTION 204** of
18 this Act.

19 x x x"

20 SEC. 40. *Implementing Rules and Regulations.* – Within ninety (90) calendar
21 days from the effectivity of this act, the Secretary of Finance, after due consultation
22 with the Bureau of Internal Revenue, Bureau of Customs, and the private sector, shall
23 promulgate the necessary rules and regulations for its effective implementation.

1 SEC. 41. *Separability Clause.* – If any provision of this Act is declared
2 unconstitutional, the remaining parts or provision not affected thereby shall remain in
3 full force and effect.

4 SEC. 42. *Repealing Clause.* – All laws, decrees, executive orders, implementing
5 rules and regulations, issuances, or any part thereof inconsistent with the provisions
6 of this Act are deemed repealed, amended or modified accordingly.

7 SEC. 43. *Effectivity.* – This Act shall take effect fifteen (15) days after its
8 publication in the *Official Gazette* or in a newspaper of general circulation.

9
10 *Approved,*