



# LEGAL SUMMIT (Taxation)

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1. **Registration** – inclusion of the taxpayer in the BIR database
2. **Filing** – submission of required tax returns/ information
3. **Payment** – payment of taxes due/payable through acceptable modes of payment
4. **Enforcement** –conduct of audit/verification of tax liabilities and implementation of measures/ activities to validate tax and administrative compliance



## Enforcement

- a) **Audit**
- b) **Surveillance**
- c) **Tax Compliance Verification Drive (TCVD)**
- d) **Stock Taking**
- e) **Post-Evaluation**
  - **Cash Register Machines (CRM)/Point-of-Sale (POS) and Other Sales Receipting Software (OSRS); and**
  - **Computerized Accounting System (CAS)/ Computerized Books of Accounts (CBA)**



## Kinds/Stages of Registration

- 1. Primary** – Taxpayer Identification Number (TIN) and/or Certificate of Registration (COR) Issuance integrating Authority to Print (ATP) and Books of Newly registered taxpayers under Revenue Memorandum Circular (RMC) No. 93-2016 and 137-2016
  - Identify taxpayer's line of business thru Philippine Standard Industry Code (PSIC);
  - Tax Types, Form Types; and
  - Cooperatives duly registered with CDA are exempt from Annual Registration Fee.



# Kinds/Stages of Registration

## 2. Secondary

- i. Books of Accounts – manual/computerized;
- ii. Succeeding ATP for manual, principal receipts/invoices and/or secondary commercial documents; and
- iii. Accreditation of Printers, CRM, POS and Other Sales Receipting Software/System and Permit to Use (PTU) machines/software and/or system.



# OTHER PROCESS RELATED TO REGISTRATION



## TAX EXEMPTION OF COOPERATIVES UNDER R.A. NO. 9520

- Application is filed through BIR Form No. 1945; and
- Processes and Procedures are covered by RMO No. 76-2010, RMC No. 81-2010 and was simplified by RMC No. 102-2016 which authorized the processing/approval of Tax Exemption of Cooperatives even without the TIN of members.



## TYPE OF INVOICING/RECEIPTING

1. Manual – Authority to Print (ATP) identifying the covered Serial Number and validity period of five (5) years.
  - a) Hard Bound; and
  - b) Loose-Leaf
  
2. Electronic Invoicing:
  - a) Cash Register Machines (CRM);
  - b) Point-of-Sales (POS);
  - c) Other Sales Receipting Software; and
  - d) Computerized Accounting System (CAS).





# RULES ON ELECTRONIC INVOICING



## I. CRM, POS, OSRS

### A. Accreditation of Supplier of CRM/POS/Other Sales Receipting Software

- Manual submission of application BIR Form 1900 with documentary requirements to the following Technical Working Group (TWG):
  - a) Non-LTS – NAB Secretariat under Client Support Service (CSS);
  - b) LTS – Concern LTS office classified into Regular, Excise and LTDO (Cebu and Davao).
- Submission of online application for accreditation under eAccreg;
- Evaluation, system, demonstration and documentation by the TWG for approval and issuance of Certificate by the Head of the NAB segregating LTS and Non-LTS;
- 5 year validity period from date of accreditation under RMC No. 55-2016. The staggered expiration has been amended by RMC No. 36-2018 setting an extended expiration on July 31, 2020 for machines/software accredited on or before July 31, 2015. The five (5) year rule from date of issuance applies to accredited machine/software beginning August 1, 2015.





**B. Registration of Accredited CRM/POS/Other Sales Receipting Software under eAccReg for Issuance of Permit to Use (PTU).**

**1. Online Application for PTU by the following:**

- a) Accredited Supplier;
- b) Accredited Pseudo-Supplier; and
- c) User of Special Purpose Machine (SPM).

➤ Not subject to accreditation.

**2. No Pre-Evaluation by RDO but Post Evaluation is authorized.**



### **3. Provisional Permit was previously authorized for three (3) months**

- RMC No. 19-2009 dated March 31, 2009 required the Conversion of Provisional PTU into Final PTU using the eAccReg System with statement on automatic revocation for non-compliance;
- RMC No. 30-2015 No Provisional PTU shall be issued effective August 1, 2015.

PTU is valid within five (5) years from the issuance date of PTU

- First expiration date is July 31, 2020 under RMC No. 30-2015 dated May 28, 2015.
- With the implementation of RMC No. 36-2018, the first expiration of Accreditation and PTU is now the same to be on July 31, 2020.



## **II. Computerized Accounting System (CAS)**

- Invoicing/receipting is integrated in the CAS;
- The CAS should have a Permit to Use;
- The invoice/receipt/commercial documents shall have an approved series range



# SALES REPORTS



- 1. Monthly Submission of Sales Report and Other Information Generated by CRM/POS and/or any Machine Sales Generating Receipt/Invoice (RR No. 5-2005 dated February 16, 2005):**

Monthly Submission of eSales by taxpayer as Specified below:

- Even Number end of 9 digit TIN – 8<sup>th</sup> of the following month; and
- Odd Number end of 9 digit TIN – 10<sup>th</sup> of the following month.

- 2. Use of the Enhanced and Integrated eAccReg and eSales Systems by all taxpayers with registered CRM/POS and/or any other Similar business machines (RMC No. 45-2014 dated May 22, 2014).**



# TRAIN LAW PROVISION on Issuance of Receipts or Sales or Commercial Invoices and Electronic Sales Reporting System

## 1. Section 237

***Issuance of Receipts or Sales or Commercial Invoices.***— “(A) *Issuance.*— All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at One hundred pesos (₱100) or more, 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: *Provided, however,* That where the receipt is issued to cover payment made as rentals, commissions, compensation or fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer or client: *Provided, further,* That where the purchaser is a VAT-registered person, in addition to the information herein required, the invoice or receipt shall further show the Taxpayer Identification Number (TIN) of the purchaser.



“Within five (5) years from the effectivity of this Act and upon the establishment of a system capable of storing and processing the required data. the Bureau shall **require taxpayers engaged in the export of goods and services, taxpayers engaged in e-commerce, and taxpayers under the jurisdiction of the Large Taxpayers Service to issue electronic receipts or sales or commercial invoices** in lieu of manual receipts or sales or commercial invoices subject to rules and regulations to be issued by the Secretary of Finance upon recommendation of the Commissioner and after a public hearing shall have been held for this purpose: Provided, That **taxpayers not covered by the mandate of this provision may issue electronic receipts or, sales or commercial invoices, in lieu of manual receipts, and sales and commercial invoices.**





“The original of each receipt or invoice shall be issued to the purchaser, customer or client at the time the transaction is effected, who, if engaged in business or in the exercise of profession, shall keep and preserve the same in his place of business for a period of three (3) years from the close of the taxable year in which such invoice or receipt was issued, while the duplicate shall be kept and preserved by the issuer, also in his place of business, for a like period: Provided, That in case of electronic receipts or sales or commercial invoices, the digital records of the same shall be kept by the purchaser, customer or client and the issuer for the same period above stated.”





2. **“SEC. 237-A. *Electronic Sales Reporting System.*—** Within five (5) years from the effectivity of this Act and upon the establishment of a system capable of storing and processing the required data, the Bureau shall require taxpayers engaged in the export of goods and services, and taxpayers under the jurisdiction of the Large Taxpayers Service to electronically report their sales data to the Bureau through the use of electronic point of sales systems, subject to rules and regulations to be issued by the Secretary of Finance as recommended by the Commissioner of Internal Revenue: *Provided*, That the machines, fiscal devices, and fiscal memory devices shall be at the expense of the taxpayers.



“The data processing of sales and purchase data shall comply with the provisions of Republic Act No. 10173, otherwise known as the “Data Privacy Act” and Section 270 of the NIRC, as amended, on unlawful divulgence of taxpayer information and such other laws relating to the confidentiality of information.

“The Bureau shall also establish policies, risk management approaches, actions, trainings, and technologies to protect the cyber environment, organization, and data in compliance with Republic Act No. 10175 or the “Cybercrime Prevention Act of 2012.”



**3. “SEC. 264. *Failure or Refusal to Issue Receipts or Sales or Commercial Invoices, Violations Related to the Printing of such Receipts or Invoices and Other Violations.*—**

**“(a) x x x (Revision is included in succeeding bill)**

**“(b) Any person who commits any of the acts enumerated hereunder shall be penalized with a fine of not less than Five hundred thousand pesos (₱500,000) but not more than Ten million pesos (₱10,000,000), and imprisonment of not less than six (6) years but not more than ten (10) years:**

**“(1) Printing of receipts or sales or commercial invoices without authority from the Bureau of Internal Revenue;**

**“(2) Printing of double or multiple sets of invoices or receipts;**

**“(3) Printing of unnumbered receipts or sales or commercial invoices, not bearing the name, business style, Taxpayer Identification Number, and business address of the person or entity; or**

**“(4) Printing of other fraudulent receipts or sales or commercial invoices.”**



4. **“SEC. 264-A. Failure to Transmit Sales Data Entered on Cash Register Machine (CRM)/Point of Sales System (POS) Machines to the BIR’s Electronic Sales Reporting System.—** Any taxpayer required to transmit sales data to the Bureau’s electronic sales reporting system but fails to do so, shall pay, for each day of violation, a penalty amounting to one-tenth of one percent ( $\frac{1}{10}$  of 1%) of the annual net income as reflected in the taxpayer’s audited financial statement for the second year preceding the current taxable year for each day of violation or Ten thousand pesos (₱10,000), whichever is higher: *Provided, That should the aggregate number of days of violation exceed one hundred eighty (180) days* within a taxable year, an additional penalty of permanent closure of the taxpayer shall be imposed: *Provided, further, That if the failure to transmit is due to force majeure or any causes beyond the control of the taxpayer the penalty shall not apply.*”



5. **“SEC. 264-B. Purchase, Use, Possession, Sale or Offer to Sell, Installment, Transfer, Update, Upgrade, Keeping or Maintaining of Sales Suppression Devices.—** Any person who shall purchase, use, possess, sell or offer to sell, install, transfer, update, upgrade, keep, or maintain any software or device designed for, or is capable of: (a) suppressing the creation of electronic records of sale transactions that a taxpayer is required to keep under existing tax laws and/or regulations; or (b) modifying, hiding, or deleting electronic records of sales transactions and providing a ready means of access to them, shall be punished by a fine of not less than Five hundred thousand pesos (₱500,000) but not more than Ten million pesos (₱10,000,000), and suffer imprisonment of not less than two (2) years but not more than four (4) years: *Provided, That a cumulative suppression of electronic sales record in excess of the amount of Fifty million pesos (₱50,000,000) shall be considered as economic sabotage and shall be punished in the maximum penalty* provided for under this provision.”





## RECENT ISSUANCES



1. Revenue Memorandum Circular (RMC) No. 72-2018 dated June 18, 2018
  - a) Procedure on Enforcement Activities;
  - b) Cancellation/Withdrawal from Use of Machine/Software:
    - Subject to Actual Inspection unless Revenue Officers are not available;
    - Periodic reading of Sales Data;
    - Validation of eSales; and
    - Included penalty provision on non-compliance with eSales under the TRAIN Law.



## RECENT ISSUANCES



2. Revenue Regulations (RR) No. 19-2018 dated August 9, 2018
  - a) Allowed the use of unused invoices/receipts of taxpayer upon approval of the appropriate BIR office up to August 31, 2018 provided it has been duly stamped with the following:
    - i. Non-VAT Registered (as of date of filing an application for update of registration);
    - ii. Not valid for claim of input tax;
    - iii. Submit inventory of unused receipts/invoices upon receipts of newly printed registered non-VAT invoices/receipts.





# RECENT ISSUANCES



## 3. Revenue Regulations (RR) No. 14-2018 – Withholding on Professionals:

### a) Individual Payees

Gross professional/promotional/Talent fees or any form of service not exceeding P3,000,000 of the current year	5%
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Exceeding P3,000,000–or Vat registered regardless of amount	10%
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### b) Non-individual Payee

Gross income for the current year did not exceed P720,000	10%
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If gross income exceeds P720,000	15%
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## RECENT ISSUANCES



### 4. VAT Refund

Reduction of Processing Period from 120 to 90 days

From Letter of Authorities to Tax Verification Notice (TVN)

5. Major changes on Income/VAT/Transfer Taxes (estate or donors)
  - a) Exemption of P250,000 and below;
  - b) Introduction of the 8% in lieu of percentage and income tax;
  - c) Adjustment of PIT rate beginning at 20% to 35%;
  - d) Uniform tax rate of 6% for estate and donor's tax;
  - e) Threshold of VAT was increased to more than P3,000,000;
  - f) Exempt donor's tax is P250,000;
  - g) Eliminated the concept of donation to relative and to stranger, hence no more 305 tax rate for stranger as done; and
  - h) Exempt donation of P250,000 is subject to 1.5 % DST.



## SPECIFIC PROVISIONS OF TRAIN LAW ON COOPERATIVES



### 1. **“SEC. 5. Power of the Commissioner to Obtain Information, and to Summon, Examine, and Take Testimony of Persons.-”**

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“(B) To obtain on a regular basis from any person other than the person whose internal revenue tax liability is subject to audit or investigation, or from any office or officer of the national and local governments, government agencies and instrumentalities, including the Bangko Sentral ng Pilipinas and government-owned or -controlled corporations, any information such as, but not limited to, costs and volume of production, receipts or sales and gross incomes of taxpayers, and the names, addresses, and financial statements of corporations, mutual fund companies, insurance companies, regional operating headquarters of



## SPECIFIC PROVISIONS OF TRAIN LAW ON COOPERATIVES



multinational companies, joint accounts, associations, joint ventures or consortia and registered partnerships, and their members: **Provided, That the Cooperative Development Authority shall submit to the Bureau a tax incentive report, which shall include information on the income tax, value-added tax, and other tax incentives availed of by cooperatives registered and enjoying incentives under Republic Act No. 6938, as amended: Provided, further, That the information submitted by the Cooperative Development Authority to the Bureau shall be submitted to the Department of Finance and shall be included in the database created under Republic Act No. 10708, otherwise known as 'The Tax Incentives Management and Transparency Act (TIMTA)'**.

“X X X.”



## SPECIFIC PROVISIONS OF TRAIN LAW ON COOPERATIVES



### 2. ***“SEC. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement.—***

***“(A) Examination of Returns and Determination of Tax Due.—*** After a return has been filed as required under the provisions of this Code, the Commissioner or his duly authorized representative may authorize the examination of any taxpayer and the assessment of the correct amount of tax, ***notwithstanding any law requiring the prior authorization of any government agency or instrumentality: Provided, however,*** That failure to file a return shall not prevent the Commissioner from authorizing the examination of any taxpayer.

***“x x x***



## SPECIFIC PROVISIONS OF TRAIN LAW ON COOPERATIVES



### 3. “SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.*—

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

“The phrase ‘sale or exchange of services’ means the performance of all kinds of services in the Philippines for others for a fee, remuneration or consideration, including those performed or rendered by construction and service contractors; stock, real estate, commercial, customs and immigration brokers; lessors of property, whether personal or real; warehousing services; lessors or distributors of cinematographic films;





## SPECIFIC PROVISIONS OF TRAIN LAW ON COOPERATIVES



persons engaged in milling, processing, manufacturing or repacking goods for others; proprietors, operators or keepers of hotels, motels, resthouses, pension houses, inns, resorts; proprietors or operators of restaurants, refreshment parlors, cafes and other eating places, including clubs and caterers; dealers in securities; lending investors; transportation contractors on their transport of goods or cargoes, including persons who transport goods or cargoes for hire and other domestic common carriers by land relative to their transport of goods or cargoes; common carriers by air and sea relative to their transport of passengers, goods or cargoes from one place in the Philippines to another place in the Philippines; sales of electricity by generation companies, transmission by any entity, and distribution companies, including electric cooperatives;





-End-

Thank you...