



HOUSE OF REPRESENTATIVES

H. No. 4125

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BY REPRESENTATIVES SALCEDA, SUANSING (M.A.), BRIONES, DAYANGHIRANG, DIONISIO, HARESCO, LAGON (S.), TY, YAP (ERIC), COLADA, ORDANES, PADUANO, DAGOOC, ANG, SUAN, RECTO, CAGAS, VERGARA, ENCISO, TARRIELA, ZAMORA (M.C.), BARZAGA, SALO, REYES, QUIMBO, FUENTEBELLA, KHO (R.), ROBES, GUTIERREZ, MAGSINO, ALVAREZ (J.), RILLO, GORRICETA, LEE, PADIERNOS, ATAYDE, CUA, ABANTE, BASCUG, DELOS SANTOS, HERRERA, SINGSON-MEEHAN, SUANSING (H.), MARIÑO, AMATONG, PALMA, SALIMBANGON, DEFENSOR, RODRIGUEZ (R.), TEVES (J.), NOLASCO, CUARESMA, MENDOZA, NOEL, ACIDRE, DE JESUS, EUDELA, MARIANO-HERNANDEZ, RIVERA, TAN-TAMBU, PUMAREN, YAP (C.), BORDADO, ROMUALDO, DALIPE AND ROMUALDEZ (F.M.), PER COMMITTEE REPORT NO. 26

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**AN ACT INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING SECTIONS 21, 22, 51, 56, 57, 58, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114, 115, 116, 128, 200, 235, 236, 237, 245, AND 248, AND ADDING SECTIONS 312, 313 AND 314 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS "THE NATIONAL INTERNAL REVENUE CODE OF 1997", AS AMENDED**

*Be it enacted by the Senate and 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           (a) To provide a healthy environment for the tax paying public that protects and  
4 safeguards taxpayer rights and welfare, as well as assures the fair treatment of  
5 all taxpayers;

6           (b) To modernize tax administration and improve its efficiency and  
7 effectiveness by providing mechanisms that encourage proper and easy compliance  
8 at the least cost and resources possible;

9           (c) To update the taxation system, adopt best practices, and replace antiquated  
10 procedures such as restriction of venue for filing and payment; and

11           (d) To enact policies and procedures which are appropriate for different types  
12 of taxpayers.

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

3           "SEC. 21. *Sources of Revenue*[. -] **AND CLASSIFICATION OF**  
4 **TAXPAYERS. –**

5           “(A) The following taxes, fees and charges are deemed to be  
6 national internal revenue taxes:

7           “[(a)] (1) Income tax;

8           “[(b)] (2) Estate and donor’s taxes;

9           “[(c)] (3) Value-added tax;

10          “[(d)] (4) Other percentage taxes;

11          “[(e)] (5) Excise taxes;

12          “[(f)] (6) Documentary stamp taxes; and

13          “[(g)] (7) Such other taxes as are or hereafter may be imposed  
14 and collected by the Bureau of Internal Revenue.

15          “(B) **CLASSIFICATION OF TAXPAYERS. – FOR PURPOSES OF**  
16 **RESPONSIVE TAX ADMINISTRATION, THE SECRETARY OF FINANCE,**  
17 **UPON RECOMMENDATION OF THE COMMISSIONER, SHALL ESTABLISH**  
18 **REASONABLE CRITERIA FOR CLASSIFYING TAXPAYERS, TAKING INTO**  
19 **CONSIDERATION THEIR CAPACITY TO COMPLY WITH TAX RULES AND**  
20 **REGULATIONS, THE AMOUNT AND TYPE OF TAX PAID, THE GROSS SALES**  
21 **AND/OR RECEIPTS OF THE TAXPAYER, AS WELL AS INFLATION, VOLUME OF**  
22 **BUSINESS, WAGE AND EMPLOYMENT LEVELS, AND SIMILAR ECONOMIC AND**  
23 **FINANCIAL FACTORS: PROVIDED, THAT THE SECRETARY OF FINANCE**  
24 **SHALL DETERMINE CLASSIFICATIONS FOR LARGE AND MEDIUM TAXPAYERS**  
25 **AND INTRODUCE ADDITIONAL CLASSIFICATIONS AS MAY BE DEEMED**  
26 **NECESSARY AND REASONABLE TO ACHIEVE BETTER TAX ADMINISTRATION**  
27 **AND SERVICE EFFICIENCY: PROVIDED, FURTHER, THAT THE BUREAU OF**  
28 **INTERNAL REVENUE MAY PROVIDE FOR A SPECIAL UNIT TO CATER TO THE**  
29 **NEEDS OF EVERY CLASS OF TAXPAYER: PROVIDED, FINALLY, THAT, FOR**  
30 **EASE OF COMPLIANCE TO TAX RULES AND REGULATIONS, SIMPLIFIED TAX**  
31 **RETURNS AND PROCESSES SHALL BE IMPLEMENTED FOR TAXPAYERS NOT**  
32 **CLASSIFIED AS MEDIUM OR LARGE.”**

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

3 "SEC. 22. *Definitions.* – When used in this Title:

4 "x x x

5 "(KK) THE TERM 'FILING OF RETURN' SHALL REFER TO THE ACT OF  
6 ACCOMPLISHING AND SUBMITTING THE PRESCRIBED TAX RETURN TO THE  
7 BUREAU OF INTERNAL REVENUE AS REQUIRED UNDER THIS CODE OR AS  
8 PRESCRIBED UNDER EXISTING RULES AND REGULATIONS.

9 "(LL) THE TERM 'PAYMENT OF TAX' OR 'REMITTANCE OF TAX'  
10 SHALL REFER TO THE ACT OF DELIVERING THE AMOUNT OF TAX DUE  
11 OR WITHHELD TO THE BUREAU OF INTERNAL REVENUE AS REQUIRED  
12 UNDER THIS CODE OR AS PRESCRIBED UNDER EXISTING RULES AND  
13 REGULATIONS."

14 SEC. 5. Section 51 of the National Internal Revenue Code of 1997, as  
15 amended, is hereby further amended to read as follows:

16 "SEC. 51. *Individual Returns.* –

17 "x x x

18 "(B) *Where to File.* – Except in cases where the Commissioner  
19 otherwise permits, the return shall be filed with [an] ANY authorized  
20 agent bank, Revenue District Officer, Collection Agent [or duly  
21 authorized Treasurer of the city or municipality in which such person has  
22 his legal residence or principal place of business in the Philippines], or  
23 if there be no legal residence or place of business in the Philippines, with  
24 the Office of the Commissioner.

25 "x x x."

26 SEC. 6. Section 56 of the National Internal Revenue Code of 1997, as  
27 amended, is hereby further amended to read as follows:

28 "SEC. 56. *Payment and Assessment of Income Tax for*  
29 *Individuals and Corporations.* –

30 "(A) *Payment of Tax.* –

31 "(1) *In General.* – The total amount of tax imposed by this Title  
32 shall be paid by the person subject thereto [at the time] DURING the  
33 FILING OF THE return [is filed]. In the case of tramp vessels, the shipping  
34 agents and/or the husbanding agents, and in their absence, the captains

1 thereof are required to file the return herein provided and pay the tax  
2 due thereon before their departure. Upon failure of the said agents or  
3 captains to file the return and pay the tax, the Bureau of Customs is  
4 hereby authorized to hold the vessel and prevent its departure until proof  
5 of payment of the tax is presented or a sufficient bond is filed to answer  
6 for the tax due.

7 "x x x."

8 SEC. 7. Section 57 of the National Internal Revenue Code of 1997, as  
9 amended, is hereby further amended to read as follows:

10 "SEC. 57. *Withholding of Tax at Source.* –

11 "(A) x x x

12 "(B) x x x

13 "(C) x x x

14 "The Department of Finance shall review, at least once every three  
15 (3) years, regulations and processes for the withholding of creditable  
16 tax under this Code, and direct the Bureau of Internal Revenue to  
17 amend rules and regulations for the same, should it be found during the  
18 review that the existing rules, regulations, and processes for the  
19 withholding of creditable tax under this Code adversely and materially  
20 impact the taxpayer[.]: **PROVIDED, THAT THOSE NOT CLASSIFIED AS**  
21 **LARGE OR MEDIUM TAXPAYERS SHALL NOT BE REQUIRED TO WITHHOLD**  
22 **TAXES UNDER SUBSECTION (B) OF THIS SECTION."**

23 SEC. 8. Section 58 of the National Internal Revenue Code of 1997, as  
24 amended, is hereby further amended to read as follows:

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

26 "(A) *Quarterly Returns and Payments of Taxes*  
27 *Withheld.* – Taxes deducted and withheld under Section 57 by  
28 withholding agents shall be covered by a return and paid to, except in  
29 cases where the Commissioner otherwise permits, an authorized agent  
30 bank, Revenue District Officer, OR Collection Agent[, or duly authorized  
31 Treasurer of the city or municipality where the withholding agent has his  
32 legal residence or principal place of business, or where the withholding  
33 agent is a corporation, where the principal office is located].

34 "x x x."

1 SEC. 9. Section 77 of the National Internal Revenue Code of 1997, as  
2 amended, is hereby amended to read as follows:

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

5 "(A) *Place of Filing.* – Except as the Commissioner otherwise  
6 permits, the quarterly income tax declaration required in Section 75 and  
7 the final adjustment return required in Section 76 shall be filed with the  
8 authorized agent banks or Revenue District Officer or Collection Agent  
9 [or duly authorized Treasurer of the city or municipality having  
10 jurisdiction over the location of the principal office of the corporation  
11 filing the return or place where its main books of accounts and other  
12 data from which the return is prepared are kept].

13 "(B) x x x

14 "(C) *Time of Payment of the Income Tax.* – The income tax  
15 due on the corporate quarterly returns and the final adjustment income  
16 tax returns computed in accordance with Sections 75 and 76 shall be  
17 paid [at the time] **DURING THE FILING OF** the declaration or return  
18 [is filed] in a manner prescribed by the Commissioner."

19 SEC. 10. Section 81 of the National Internal Revenue Code of 1997, as  
20 amended, is hereby amended to read as follows:

21 "SEC. 81. *Filing of Return and Payment of Taxes*  
22 *Withheld.* – Except as the Commissioner otherwise permits, taxes  
23 deducted and withheld by the employer on wages of employees shall be  
24 covered by a return and paid to an authorized agent bank, **REVENUE**  
25 **DISTRICT OFFICER, OR** Collection Agent[, or the duly authorized  
26 Treasurer of the city or municipality where the employer has his legal  
27 residence or principal place of business, or in case the employer is a  
28 corporation, where the principal office is located].

29 "x x x."

30 SEC. 11. Section 90 of the National Internal Revenue Code of 1997, as  
31 amended, is hereby further amended to read as follows:

32 "SEC. 90. *Estate Tax Returns.* –

33 "x x x



1           “(D) *Place of Filing.* – Except in cases where the  
2 Commissioner otherwise permits, the return required under Subsection  
3 (A) shall be filed with an authorized agent bank, [or] Revenue District  
4 Officer, OR Collection Officer[, or duly authorized Treasurer of the city or  
5 municipality] in which the decedent was domiciled at the time of his  
6 death or if there be no legal residence in the Philippines, with the Office  
7 of the Commissioner.”

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

10           “SEC. 91. *Payment of Tax.* –

11           “(A) *Time of Payment.* – The estate tax imposed by Section 84  
12 shall be paid at the time OR BEFORE the return is filed by the executor,  
13 administrator or the heirs.

14           “x x x.”

15           SEC. 13. Section 103 of the National Internal Revenue Code of 1997, as  
16 amended, is hereby amended to read as follows:

17           “SEC. 103. *Filing of Return and Payment of Tax.* –

18           “(A) x x x.

19           “(B) *Time and Place of Filing and Payment.* – The return of the  
20 donor required in this Section shall be filed within thirty (30) days after  
21 the date the gift is made and the tax due thereon shall be paid [at the  
22 time of filing] **DURING THE FILING OF THE DECLARATION OR RETURN IN A**  
23 **MANNER PRESCRIBED BY THE COMMISSIONER.** Except in cases where  
24 the Commissioner otherwise permits, the return shall be filed and the tax  
25 paid to an authorized agent bank, [the] Revenue District Officer, OR  
26 Revenue Collection Officer [or duly authorized Treasurer of the city or  
27 municipality] where the donor was domiciled at the time of the transfer,  
28 or if there be no legal residence in the Philippines, with the Office of the  
29 Commissioner. In the case of gifts made by a nonresident, the return  
30 may be filed with the Philippine Embassy or Consulate in the country  
31 where he is domiciled at the time of the transfer, or directly with the  
32 Office of the Commissioner.”

1           SEC. 14. 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 Properties.* –

4           "(A) *Rate and Base of Tax.* – x x x

5           "(1) x x x

6           "(a) x x x

7           "(b) x x x

8           "(c) x x x

9           "(d) x x x

10          "(e) x x x

11          "FOR PURPOSES OF THIS SECTION, [The] THE term 'gross selling  
12 price' means the total amount of money or its equivalent which the  
13 purchaser pays or is obligated to pay to the seller in consideration of  
14 the sale, barter or exchange of the goods or properties, excluding the  
15 value-added tax. The excise tax, if any, on such goods or properties  
16 shall form part of the gross selling price.

17          "(2) x x x

18          "(B) x x x

19          "(C) x x x

20          "(D) *Sales Returns, Allowances and Sales Discounts.* – The  
21 value of goods or properties sold and subsequently returned or for  
22 which allowances were granted by a VAT-registered person may be  
23 deducted from the gross sales or [receipts] **GROSS SELLING PRICE** for  
24 the quarter in which a refund is made or a credit memorandum or  
25 refund is issued. Sales discount granted and indicated in the invoice at  
26 the time of sale and the grant of which does not depend upon the  
27 happening of a future event may be excluded from the gross sales  
28 within the same quarter it was given.

29          "(E) x x x."

30          SEC. 15. Section 108 of the National Internal Revenue Code of 1997, as  
31 amended, is hereby further amended to read as follows:

32          "SEC. 108. *Value-added Tax on Sale of Services and Use or*  
33 *Lease of Properties.* –

1           “(A) *Rate and Base of Tax.* – There shall be levied, assessed and  
2 collected, a value-added tax equivalent to twelve percent (12%) of THE  
3 gross [receipts] **SELLING PRICE** derived from the sale or exchange of  
4 services, including the use or lease of properties.

5           “x x x

6           “**FOR PURPOSES OF THIS SECTION, [The] THE** term ‘gross  
7 [receipts] **SELLING PRICE**’ means the total amount of money or its  
8 equivalent [representing the contract price, compensation, service fee,  
9 rental or royalty, including the amount charged for materials supplied  
10 with the services and deposits and advanced payments actually or  
11 constructively received during the taxable quarter for the services  
12 performed or to be performed for another person,] **WHICH THE**  
13 **PURCHASER PAYS OR IS OBLIGATED TO PAY TO THE SELLER IN**  
14 **CONSIDERATION OF THE SALE, BARTER, OR EXCHANGE OF SERVICES AND**  
15 **THE USE OR LEASE OF PROPERTIES, excluding value-added tax. THE VAT**  
16 **SHALL BE CHARGEABLE AT THE TIME OF THE ISSUANCE OF THE INVOICE,**  
17 **REGARDLESS OF THE TIME THAT THE ACCRUED SALE IS RECORDED IN THE**  
18 **BOOKS OF ACCOUNTS.**

19           “(B) *Transactions Subject to Zero Percent (0%) Rate.* – x x x.

20           “(C) **SALES RETURNS, ALLOWANCES AND SALES DISCOUNTS.** –  
21 **THE VALUE OF SERVICES SOLD AND SUBSEQUENTLY REFUNDED OR FOR**  
22 **WHICH ALLOWANCES WERE GRANTED BY A VAT-REGISTERED PERSON**  
23 **MAY BE DEDUCTED FROM THE GROSS SALES OR GROSS SELLING PRICE**  
24 **FOR THE QUARTER IN WHICH A REFUND IS MADE OR A CREDIT**  
25 **MEMORANDUM IS ISSUED. ANY SALES DISCOUNT GRANTED AND**  
26 **INDICATED IN THE INVOICE AT THE TIME OF SALE AND THE GRANT OF**  
27 **WHICH DOES NOT DEPEND UPON A FUTURE EVENT MAY BE EXCLUDED**  
28 **FROM THE GROSS SALES OF THE QUARTER IT WAS GIVEN.”**

29           SEC. 16. Section 109 of the National Internal Revenue Code of 1997, as  
30 amended, is hereby further amended to read as follows:

31           “SEC. 109. *Exempt Transactions.* –

32           “(1) Subject to the provisions of Subsection (2) hereof, the  
33 following transactions shall be exempt from the value-added tax:

34           “x x x



1           “(CC) Sale or lease of goods or properties or the performance of  
2 services other than the transactions mentioned in the preceding  
3 paragraphs, the gross annual sales [and/or receipts] do not exceed the  
4 amount of Three million pesos (P3,000,000.00)[.]: **PROVIDED, THAT THE**  
5 **AMOUNT HEREIN STATED SHALL BE ADJUSTED TO ITS PRESENT VALUE NOT**  
6 **LATER THAN JANUARY 31, 2023, AND EVERY THREE (3) YEARS**  
7 **THEREAFTER, BASED ON THE CONSUMER PRICE INDEX THAT IS PUBLISHED**  
8 **BY THE PHILIPPINE STATISTICS AUTHORITY (PSA).”**

9           SEC. 17. 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 finished  
19 product for sale including packaging materials; or

20           “(iii) For use as supplies in the course of business; or

21           “(iv) For use as materials supplied in the sale of service; or

22           “(v) For use in trade or business for which deduction for  
23 depreciation or amortization is allowed under this Code.

24           “(b) Purchase of services on which a value-added tax has been  
25 actually [paid] **BILLED BY THE SUPPLIER.**

26           “(2) The input tax on domestic purchase or importation of goods or  
27 properties by a VAT-registered person shall be creditable:

28           “(a) x x x

29           “(b) x x x

30           “*Provided,* That the input tax on goods purchased or imported in a  
31 calendar month for use in trade or business for which deduction for  
32 depreciation is allowed under this Code[,] shall be spread evenly over  
33 the month of acquisition and the fifty-nine (59) succeeding months if the  
34 aggregate acquisition cost for such goods, excluding the VAT component

1           thereof, exceeds One million pesos (P1,000,000): *Provided, however,*  
2           That if the estimated useful life of the capital good is less than five (5)  
3           years, as used for depreciation purposes, then the input VAT shall be  
4           spread over such a shorter period: *Provided, further,* That the  
5           amortization of the input VAT shall only be allowed until  
6           December 31, 2021 after which [taxpayers with] **ANY** unutilized input VAT  
7           on capital goods purchased or imported shall be allowed [to apply the  
8           same as scheduled until fully utilized] **AS CREDIT IN FULL AGAINST OUTPUT**  
9           **VAT:** *Provided, finally,* That in the case of purchase of services, lease or  
10          use of properties, the input tax shall be creditable to the purchaser,  
11          lessee or licensee upon payment of the compensation, rental, royalty  
12          or fee.

13                        "x x x."

14          SEC. 18. Section 112 of the National Internal Revenue Code of 1997, as  
15          amended, is hereby further amended to read as follows:

16                        "SEC. 112. *Refunds or Tax Credits of Input Tax.* –

17                        "x x x

18                        "(c) *Period within which THE Refund of Input Taxes shall be*  
19          *Made.* – In proper cases, the Commissioner shall grant a refund for  
20          creditable input taxes within ninety (90) days from the date of submission  
21          of the [official receipt or] invoices and other documents in support of the  
22          application filed in accordance with Subsections (A) and (B) hereof:  
23          *Provided,* That should the Commissioner find that the grant of refund is  
24          not proper, the Commissioner must state in writing the legal and factual  
25          basis for the denial.

26                        "x x x."

27          SEC. 19. Section 113 of the National Internal Revenue Code of 1997, as  
28          amended, is hereby amended to read as follows:

29                        "SEC. 113. *Invoicing and Accounting Requirements for VAT-*  
30          *Registered Persons.* –

31                        "(A) *Invoicing Requirement[s].* – A VAT-registered person shall  
32          issue[:

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

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

3           “(B) *Information Contained in the VAT Invoice [or VAT Official*  
4 *Receipt]*. – The following information shall be indicated in the VAT  
5 invoice [or VAT official receipt]:

6           “(1) A statement that the seller is a VAT-registered person,  
7 followed by [his] THE SELLER’S Taxpayer’s Identification Number (TIN);

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

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

13           “(b) If the sale is exempt from value-added tax, the term  
14 ‘VAT-exempt sale’ shall be written or printed prominently on the invoice  
15 [or receipt];

16           “(c) If the sale is subject to zero percent (0%) value-added tax,  
17 the term ‘zero-rated sale’ shall be written or printed prominently on the  
18 invoice [or receipt];

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

27           “(3) x x x

28           “(4) x x x

29           “(C) x x x

30           “(D) *Consequence of Issuing AN Erroneous VAT Invoice [or VAT*  
31 *Official Receipt]*. –

32           “(1) If a person who is not a VAT-registered person issues an  
33 invoice [or receipt] showing [his] THE PERSON’S Taxpayer Identification  
34 Number (TIN), followed by the word ‘VAT’:

1           “(a) The issuer shall, in addition to any liability to other percentage  
2 taxes, be liable to:

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

5           “(ii) A fifty percent (50%) surcharge under Section 248 (B) of this  
6 Code;

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

11           “(2) If a VAT-registered person issues a VAT invoice [or VAT  
12 official receipt] for a VAT-exempt transaction, but fails to display  
13 prominently on the invoice [or receipt] the term ‘VAT-exempt sale’, the  
14 issuer shall be liable to account for the tax imposed in Section 106 or  
15 108 as if Section 109 did not apply.

16           “x x x.”

17           SEC. 20. Section 114 of the National Internal Revenue Code of 1997, as  
18 amended, is hereby further amended to read as follows:

19           “SEC. 114. *Return and Payment of Value-Added Tax.* –

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

28           “x x x

29           “(B) *Where to File the Return and Pay the Tax.* – Except as the  
30 Commissioner otherwise permits, the return shall be filed with and the  
31 tax paid to an authorized agent bank, OR Revenue Collection Officer [or  
32 duly authorized city or municipal Treasurer in the Philippines located  
33 within the revenue district where the taxpayer is registered or required  
34 to register].

1 "x x x."

2 SEC. 21. Section 115 of the National Internal Revenue Code of 1997, as  
3 amended, is hereby amended to read as follows:

4 "SEC. 115. *Power of the Commissioner to Suspend the Business*  
5 *Operations of a Taxpayer.* – The Commissioner or his authorized  
6 representative is hereby empowered to suspend the business  
7 operations and temporarily close the business establishment of any  
8 person for any of the following violations:

9 "(a) *In the case of a VAT-registered Person.* –

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

11 "(2) Failure to file a value-added tax return as required under  
12 Section 114; or

13 "(3) Understatement of taxable sales [or receipts] by thirty  
14 percent (30%) or more of his correct taxable sales [or receipts] for the  
15 taxable quarter.

16 "x x x."

17 SEC. 22. Section 116 of the National Internal Revenue Code of 1997, as  
18 amended, is hereby further amended to read as follows:

19 "SEC. 116. *Tax on Persons Exempt from Value-Added Tax*  
20 *(VAT).* – Any person whose sales [or receipts] are exempt under  
21 Section 109(CC) of this Code from the payment of value-added tax and  
22 who is not a VAT-registered person shall pay a tax equivalent to three  
23 percent (3%) of his gross quarterly sales [or receipts]: *Provided, That*  
24 *cooperatives[,] shall be exempt from the three percent (3%)*  
25 *gross receipts tax herein imposed: Provided, further, That effective*  
26 *July 1, 2020 until June 30, 2023, the rate shall be one percent (1%)."*

27 SEC. 23. Section 128 of the National Internal Revenue Code of 1997, as  
28 amended, is hereby amended to read as follows:

29 "SEC. 128. *Returns and Payment of Percentage Taxes.* –

30 "x x x

31 "(B) *Where to File.* – Except as the Commissioner otherwise  
32 permits, every person liable to the percentage tax under this Title [may,  
33 at his option,] SHALL file a [separate return for each branch or place of  
34 business, or a] consolidated return for all branches or places of business



1 with [the] AN authorized agent bank, Revenue District Officer, OR  
2 Collection Agent [or duly authorized Treasurer of the city or municipality  
3 where said business or principal place of business is located, as the  
4 case may be]: **PROVIDED, THAT THOSE TAXPAYERS LIABLE TO TAX  
5 IMPOSED UNDER SECTION 116 OF THIS CODE SHALL FILE A RETURN AND  
6 PAY THE TAX DUE THEREON WITHIN TWENTY-FIVE (25) DAYS AFTER THE  
7 END OF EACH TAXABLE SEMI-ANNUAL PERIOD.**

8 SEC. 24. Section 200 of the National Internal Revenue Code of 1997, as  
9 amended, is hereby amended to read as follows:

10 "SEC. 200. *Payment of Documentary Stamp Tax.* –

11 "x x x

12 "(C) *Where to File.* – Except in cases where the Commissioner  
13 otherwise permits, the aforesaid tax return shall be filed with and the tax  
14 due shall be paid through the authorized agent bank [within the territorial  
15 jurisdiction of the Revenue District Office which has jurisdiction over the  
16 residence or principal place of business of the taxpayer]. In places  
17 where there is no authorized agent bank, the return shall be filed with  
18 [the] A Revenue District Officer[,] OR collection agent[, or duly  
19 authorized Treasurer of the city or municipality in which the taxpayer has  
20 his legal residence or principal place of business].

21 "x x x."

22 SEC. 25. Section 235 of the National Internal Revenue Code of 1997, as  
23 amended, is hereby further amended to read as follows:

24 "SEC. 235. *Preservation of Books of Accounts and Other*  
25 *Accounting Records.* – All the books of accounts, including the  
26 subsidiary books and other accounting records of corporations,  
27 partnerships, or persons, shall be preserved by them for a period  
28 [beginning from the last entry in each book until the last day prescribed  
29 by Section 203 within which the Commissioner is authorized to make an  
30 assessment] OF FIVE (5) YEARS RECKONED FROM THE DAY FOLLOWING  
31 THE DEADLINE IN FILING A RETURN, OR IF FILED AFTER THE DEADLINE, FROM  
32 THE DATE OF THE FILING OF THE RETURN, FOR THE TAXABLE YEAR WHEN  
33 THE LAST ENTRY WAS MADE IN THE BOOKS OF ACCOUNTS. The said books  
34 and records shall be subject to examination and inspection by internal

1 revenue officers: *Provided*, That for income tax purposes, such  
2 examination and inspection shall be made only once in a taxable year,  
3 except in the following cases:

4 "x x x."

5 SEC. 26. Section 236 of the National Internal Revenue Code of 1997, as  
6 amended, is hereby further amended to read as follows:

7 "SEC. 236. *Registration Requirements.* –

8 "(A) *Requirements.* – Every person subject to any internal  
9 revenue tax shall register once with the appropriate Revenue District  
10 Officer:

11 "(1) Within ten (10) days from date of employment, or

12 "(2) On or before the commencement of business, or

13 "(3) Before payment of any tax due, or

14 "(4) Upon filing of a return, statement or declaration as required  
15 in this Code.

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

24 "x x x

25 "[B) *Annual Registration Fee.* – An annual registration fee in the  
26 amount of Five hundred pesos (P500) for every separate or distinct  
27 establishment or place of business, including facility types where sales  
28 transactions occur, shall be paid upon registration and every year  
29 thereafter on or before the last day of January: *Provided, however*, That  
30 cooperatives, individuals earning purely compensation income, whether  
31 locally or abroad, and overseas workers are not liable to the registration  
32 fee herein imposed.

33 "The registration fee shall be paid to an authorized agent bank  
34 located within the revenue district, or to the Revenue Collection Officer,

1 or duly authorized Treasurer of the city or municipality where each place  
2 of business or branch is registered.]

3 “[C] (B) *Registration of Each Type of Internal Revenue Tax.* –  
4 x x x

5 “[D] (C) *Transfer of Registration.* – x x x

6 “[E] (D) *Other Updates.* – x x x

7 “[F] (E) *Cancellation of Registration.* – x x x

8 “(1) *General Rule.* – The registration of any person who ceases  
9 to be liable to a tax type shall be cancelled upon **MERE** filing with the  
10 Revenue District Office where [he] **THE PERSON** is registered, an  
11 application for registration information update in a form prescribed  
12 therefor[;]. **HOWEVER, THIS SHALL NOT PRECLUDE THE REVENUE**  
13 **DISTRICT OFFICER FROM CONDUCTING AN AUDIT IN ORDER TO DETERMINE**  
14 **ANY TAX LIABILITY: PROVIDED, THAT THE DECISION TO CONDUCT THE**  
15 **AUDIT IS BASED ON A RISK ASSESSMENT EVALUATION.**

16 “(2) *Cancellation of Value-Added Tax Registration.* – x x x

17 “[G] (F) *Persons Required to Register for Value-Added Tax.* –  
18 x x x

19 “[H] (G) *Optional Registration for Value-Added Tax of Exempt*  
20 *Person.* – x x x

21 “[I] (H) *Supplying of Taxpayer Identification Number (TIN).* –  
22 x x x.”

23 SEC. 27. Section 237 of the National Internal Revenue Code of 1997, as  
24 amended, is hereby further amended to read as follows:

25 “SEC. 237. *Issuance of Receipts or Sales or Commercial*  
26 *Invoices.* –

27 “(A) *Issuance.* – All persons subject to an internal revenue tax  
28 shall, at the point of each sale and transfer of merchandise or for  
29 services rendered valued at [One hundred pesos (P100.00)] **FIVE**  
30 **HUNDRED PESOS (P500.00)** or more, issue duly registered [receipts or]  
31 sale or commercial invoices, showing the date of transaction, quantity,  
32 unit cost and description of merchandise or nature of service: *Provided,*  
33 *however,* That where the [receipt] **SALE OR COMMERCIAL INVOICE** is  
34 issued to cover payment made as rentals, commissions, compensation

1 or fees, [receipts or] invoices shall be issued which shall show the name,  
2 [business style, if any,] and address of the purchaser, customer or client:  
3 *Provided, further,* That where the purchaser is a VAT-registered person,  
4 in addition to the information herein required, the invoice [or receipt]  
5 shall further show the Taxpayer Identification Number (TIN) of the  
6 purchaser.

7 "x x x."

8 SEC. 28. Section 245 of the National Internal Revenue Code of 1997, as  
9 amended, is hereby amended to read as follows:

10 "SEC. 245. *Specific Provisions to be Contained in Rules and*  
11 *Regulations.* – The rules and regulations of the Bureau of Internal  
12 Revenue shall, among other things, contain provisions specifying,  
13 prescribing or defining:

14 "x x x

15 "(j) The manner in which internal revenue taxes, such as income  
16 tax, including withholding tax, estate and donor's taxes, value-added  
17 tax, other percentage taxes, excise taxes and documentary stamp taxes  
18 shall be paid through the collection officers of the Bureau of Internal  
19 Revenue or through duly authorized agent banks which are hereby  
20 deputized to receive payments of such taxes and the returns, papers  
21 and statements that may be filed by the taxpayers in connection with the  
22 payment of the tax: *Provided, however,* That notwithstanding the other  
23 provisions of this Code prescribing the place of filing of returns and  
24 payment of taxes, the Commissioner may, by rules and regulations,  
25 require that the tax returns, papers and statements and taxes of **MEDIUM**  
26 **AND** large taxpayers be filed and paid, respectively, through collection  
27 officers or through duly authorized agent banks[. *Provided, further,* That  
28 the Commissioner can exercise this power within six (6) years from the  
29 approval of Republic Act No. 7646 or the completion of its  
30 comprehensive computerization program, whichever comes earlier]:  
31 *Provided, [finally] FURTHER,* That separate venues for the Luzon,  
32 Visayas and Mindanao areas may be designated for the filing of tax  
33 returns and payment of taxes by said **MEDIUM AND** large taxpayers.

1            “[For purposes of this Section, ‘large taxpayer’ means a taxpayer  
2 who satisfies any of the following criteria:

3            “(1) *Value-Added Tax (VAT)* – Business establishment with VAT  
4 paid or payable of at least One hundred thousand pesos (P100,000)  
5 for any quarter of the preceding taxable year;

6            “(2) *Excise Tax* – Business establishment with excise tax paid  
7 or payable of at least One million pesos (P1,000,000) for the preceding  
8 taxable year;

9            “(3) *Corporate Income Tax* – Business establishment with  
10 annual income tax paid or payable of at least One million pesos  
11 (P1,000,000) for the preceding taxable year; and

12            “(4) *Withholding Tax* – Business establishment with withholding  
13 tax payment or remittance of at least One million pesos (P1,000,000) for  
14 the preceding taxable year.

15            “*Provided, however, That the Secretary of Finance, upon*  
16 *recommendation of the Commissioner, may modify or add to the above*  
17 *criteria for determining a large taxpayer after considering such factors*  
18 *as inflation, volume of business, wage and employment levels, and*  
19 *similar economic factors.]*

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

25            SEC. 29. Section 248 of the National Internal Revenue Code of 1997, as  
26 amended, is hereby amended to read as follows:

27            “SEC. 248. *Civil Penalties.* –

28            “(A) There shall be imposed, in addition to the tax required to be  
29 paid, a penalty equivalent to [twenty-five percent (25%)] **TWELVE**  
30 **PERCENT (12%)** of the amount due, in the following cases:

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





1           "SEC. 313. *TAXPAYER'S ADVOCATE OFFICE.* – THE POWERS AND  
2 DUTIES OF THE TAXPAYER ADVOCATE SHALL BE EXERCISED BY AN OFFICE  
3 UNDER THE BUREAU OF INTERNAL REVENUE DESIGNATED BY THE  
4 SECRETARY OF FINANCE, UPON RECOMMENDATION BY THE  
5 COMMISSIONER. IT SHALL BE THE FUNCTION OF THE TAXPAYER  
6 ADVOCATE TO:

7           "(a) ENSURE THAT THE RIGHTS OF TAXPAYERS ARE PROTECTED  
8 AND THAT THEY ARE PROVIDED ASSISTANCE IN RELATION THERETO;

9           "(b) IDENTIFY SYSTEMIC PROBLEMS WITHIN THE BUREAU OF  
10 INTERNAL REVENUE WHICH HAMPER EFFICIENT AND FAIR TAX  
11 ADMINISTRATION AND PROPOSE CHANGES, WHETHER THROUGH  
12 ADMINISTRATIVE MEANS OR THROUGH LEGISLATION, TO ADDRESS THESE  
13 PROBLEMS;

14           "(c) REPORT DIRECTLY TO THE COMMISSIONER OF INTERNAL  
15 REVENUE THE OUTCOMES RESULTING FROM THE EXECUTION OF ITS DUTIES  
16 AND FUNCTIONS SUCH AS THE DEVELOPMENT AND IMPLEMENTATION OF  
17 PROGRAMS THAT WILL HELP EDUCATE TAXPAYERS AND EFFECTIVELY  
18 DISSEMINATE THE TAXPAYER'S BILL OF RIGHTS; AND

19           "(d) PERFORM SUCH OTHER FUNCTIONS AS MAY BY PROVIDED BY  
20 LAW OR REQUIRED BY THE SECRETARY OF FINANCE.

21           "THE TAXPAYER ADVOCATE SHALL BE A FILIPINO CITIZEN, AT LEAST  
22 FORTY (40) YEARS OF AGE, A MEMBER OF THE PHILIPPINE BAR AND A  
23 CERTIFIED PUBLIC ACCOUNTANT IN GOOD STANDING, WITH AT LEAST TEN  
24 (10) YEARS OF PRACTICE IN THE FIELD OF TAXATION, WITH PROVEN  
25 INTEGRITY AND COMPETENCE, AND MUST NOT HAVE BEEN CONVICTED OF  
26 ANY CRIME INVOLVING MORAL TURPITUDE."

27           "SEC. 314. *PENALTIES FOR THE VIOLATION OF THE BILL OF*  
28 *RIGHTS OF TAXPAYERS.* – ANY PERSON OR PUBLIC OFFICIAL WHO IS  
29 FOUND TO HAVE VIOLATED THE TAXPAYER BILL OF RIGHTS SHALL BE  
30 PUNISHED WITH IMPRISONMENT OF NOT LESS THAN TWO (2) YEARS BUT  
31 NOT MORE THAN FIVE (5) YEARS AND A FINE OF NOT LESS THAN FIFTY  
32 THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE HUNDRED  
33 THOUSAND PESOS (P100,000.00)."

1           SEC. 31. Title XIV and Title XV of the National Internal Revenue Code of 1997,  
2 as amended, are hereby renumbered as Title XV and Title XVI, respectively, and the  
3 succeeding sections shall be renumbered accordingly.

4           SEC. 32. *Separability Clause.* – If any provision of this Act is declared  
5 unconstitutional, the remaining parts or provisions not affected thereby shall remain in  
6 full force and effect.

7           SEC. 33. *Repealing Clause.* – All laws, decrees, executive orders,  
8 implementing rules and regulations, issuances, or any part thereof inconsistent with  
9 the provisions of this Act are deemed repealed, amended or modified accordingly.

10          SEC. 34. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
11 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,