



S E N A T E

S. No. 2224

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

PREPARED BY THE COMMITTEE ON WAYS AND MEANS WITH
SENATORS GATCHALIAN, VILLANUEVA, VILLAR (C.), AND
ESTRADA AS AUTHORS THEREOF

AN ACT INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING SECTIONS 22, 34, 51, 56, 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, 238, 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 House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. *Title.* – This Act shall be known as the
2 “Ease of Paying Taxes Act.”

3 SEC. 2. *Declaration of Policy.* – It is hereby declared
4 the policy of the State:

1 (1) To provide a healthy environment for the tax
2 paying public that protects and safeguards taxpayer rights
3 and welfare, as well as assures the fair treatment of all
4 taxpayers;

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

9 (3) To update the taxation system, adopt best
10 practices, and replace antiquated procedures; and

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

13 SEC. 3. Section 22 of the National Internal Revenue
14 Code of 1997, as amended, is hereby further amended to
15 read as follows:

16 “SEC. 22. *Definitions.* — When used in this
17 Title:

18 x x x

19 (KK) THE TERM ‘FILING OF RETURN’
20 SHALL REFER TO THE ACT OF

1 ACCOMPLISHING AND SUBMITTING THE
2 PRESCRIBED TAX RETURN, ELECTRONICALLY
3 OR MANUALLY, TO THE BUREAU OF
4 INTERNAL REVENUE, OR THROUGH ANY
5 AUTHORIZED AGENT BANK OR AUTHORIZED
6 TAX SOFTWARE PROVIDER, AS REQUIRED
7 UNDER THIS CODE OR AS PRESCRIBED
8 UNDER EXISTING RULES AND REGULATIONS.

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

1 SEC. 4. Section 34(K) of the National Internal
2 Revenue Code of 1997, as amended, is repealed, and the
3 succeeding paragraph is renumbered accordingly.

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

7 **“SEC. 51. *Individual Return.* –**

8 x x x

9 (B) Where to File. - Except in cases where the
10 Commissioner otherwise permits, the return shall
11 be filed with anY authorized agent bank, Revenue
12 District Office[~~r~~] THROUGH REVENUE Collection
13 [Agent] OFFICER, OR AUTHORIZED TAX
14 SOFTWARE PROVIDER [~~or duly authorized~~
15 ~~Treasurer of the city or municipality in which such~~
16 ~~person has his legal residence or principal place of~~
17 ~~business in the Philippines, or if there be no legal~~
18 ~~residence or place of business in the Philippines,~~
19 ~~with the Office of the Commissioner].”~~

20 x x x

1 (D) Husband and Wife. - Married individuals,
2 whether citizens, resident or nonresident aliens,
3 who do not derive income purely from
4 compensation, shall file, EITHER
5 ELECTRONICALLY OR MANUALLY, a return for
6 the taxable year to include the income of both
7 spouses, but where it is impracticable for the
8 spouses to file one return, each spouse may file a
9 separate return of income but the returns so filed
10 shall be consolidated by the Bureau for purposes of
11 verification for the taxable year.

12 x x x.”

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

16 “SEC. 56. *Payment and Assessment of*
17 *Income Tax for Individuals and Corporations.*

18 -

1 (A) Payment of Tax. –

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

16 x x x.”

17 SEC. 7. Section 58 of the National Internal Revenue
18 Code of 1997, as amended, is hereby further amended to
19 read as follows:

1 “**SEC. 58. Return and Payment of Taxes**
 2 **Withheld at Source.** –

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

17 **(B) Statement of Income Payments Made and**
 18 **Taxes Withheld.** – x x x

19 **(C) TIMING OF WITHHOLDING TAXES.** –
 20 **THE OBLIGATION TO DEDUCT AND**

1 WITHHOLD THE TAX ARISES AT THE TIME
2 THE INCOME HAS BECOME PAYABLE.

3 [~~(C)~~] **(D) Annual Information Return.** –

4 x x x

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

15 CLAIMS FOR TAX CREDIT OR REFUND OF
16 ANY CREDITABLE INCOME TAX WHICH WAS
17 DEDUCTED AND WITHHELD ON INCOME
18 PAYMENTS SHALL BE GIVEN DUE COURSE
19 ONLY WHEN IT IS SHOWN THAT THE INCOME
20 PAYMENT HAS BEEN DECLARED AS PART OF

1 THE GROSS INCOME AND THE FACT OF
2 WITHHOLDING AND REMITTANCE ARE
3 ESTABLISHED. CLAIMS FOR TAX CREDIT OF
4 ANY CREDITABLE INCOME TAX DEDUCTED
5 AND WITHHELD IN A PREVIOUS PERIOD CAN
6 STILL BE CREDITABLE IN THE SUBSEQUENT
7 CALENDAR OR FISCAL YEAR: *PROVIDED*,
8 THAT THE SAME HAD BEEN DECLARED IN
9 THE TAX RETURN WHERE THE
10 CORRESPONDING INCOME IS REPORTED.

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

17 [~~(E)~~] **(F) Registration with Register of**
18 **Deeds. - x x x"**

1 SEC. 8. Section 76 of the National Internal Revenue
2 Code of 1997, as amended, is hereby amended to read as
3 follows:

4 **“SEC. 76. *Final Adjustment Return.* – x x x**

5 x x x

6 In case the corporation is entitled to a tax
7 credit or refund of the excess [~~estimated quarterly~~]
8 income taxes paid DURING THE YEAR, the excess
9 amount shown on its final adjustment return may
10 be carried over and credited against the estimated
11 quarterly income tax liabilities for the taxable
12 quarters of the succeeding taxable years. Once the
13 option to carry-over and apply the SAID excess
14 [~~quarterly~~] income tax PAID against THE income
15 tax due for the taxable quarters of the succeeding
16 taxable years has been made, such option shall be
17 considered irrevocable for that taxable period and
18 no application for cash refund or issuance of a tax
19 credit certificate shall be allowed therefor[-]:
20 **PROVIDED, THAT, IN CASE THE TAXPAYER**

1 CANNOT CARRY OVER THE EXCESS INCOME
2 TAX CREDIT DUE TO DISSOLUTION OR
3 CESSATION OF BUSINESS, THE TAXPAYER
4 SHALL FILE AN APPLICATION FOR REFUND
5 OF ANY UNUTILIZED EXCESS INCOME TAX
6 CREDIT, AND THE BIR SHALL DECIDE ON THE
7 APPLICATION AND REFUND THE EXCESS
8 TAXES WITHIN TWO (2) YEARS FROM THE
9 DATE OF THE DISSOLUTION OR CESSATION
10 OF BUSINESS.”

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

14 **“SEC. 77. *Place and Time of Filing and***
15 ***Payment of Quarterly Corporate Income Tax.* –**

16 **(A) Place of Filing.** – Except as the
17 Commissioner otherwise permits, the quarterly
18 income tax declaration required in Section 75 and
19 the final adjustment return required in Section 76
20 shall be filed, EITHER ELECTRONICALLY OR

1 MANUALLY, with ~~the~~ ANY authorized agent
2 bank[s], ~~or~~ Revenue District Office~~r—or~~
3 THROUGH REVENUE Collection ~~Agent~~
4 OFFICER OR AUTHORIZED TAX SOFTWARE
5 PROVIDER ~~or duly authorized Treasurer of the~~
6 ~~city or municipality having jurisdiction over the~~
7 ~~location of the principal office of the corporation~~
8 ~~filing the return or place where its main books of~~
9 ~~accounts and other data from which the return is~~
10 ~~prepared are kept].~~

11 **(B) Time of Filing the Income Tax**

12 **Return.** - The corporate quarterly declaration shall
13 be filed, EITHER ELECTRONICALLY OR
14 MANUALLY, within sixty (60) days following the
15 close of each of the first three (3) quarters of the
16 taxable year. The final adjustment return shall be
17 filed on or before the fifteenth (15th) day of April, or
18 on or before the fifteenth (15th) day of the fourth
19 (4th) month following the close of the fiscal year, as
20 the case may be.

1 **(C) Time of Payment of the Income Tax. –**

2 The income tax due on the corporate quarterly
3 returns and the final adjustment income tax returns
4 computed in accordance with Sections 75 and 76
5 shall be paid, EITHER ELECTRONICALLY OR
6 MANUALLY, at the time the declaration or return
7 is filed, in a manner prescribed by the
8 Commissioner.”

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

12 **“SEC. 81. *Filing of Return and Payment of***
13 ***Taxes Withheld.*** – Except as the Commissioner
14 otherwise permits, taxes deducted and withheld by
15 the employer on wages of employees shall be
16 covered by a return and paid, EITHER
17 ELECTRONICALLY OR MANUALLY, to anY
18 authorized agent bank, REVENUE DISTRICT
19 OFFICE THROUGH REVENUE Collection [~~Agent~~]
20 OFFICER, or AUTHORIZED TAX SOFTWARE

1 PROVIDER [~~the duly authorized Treasurer of the~~
2 ~~city or municipality where the employer has his~~
3 ~~legal residence or principal place of business, or in~~
4 ~~case the employer is a corporation, where the~~
5 ~~principal office is located~~].

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

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

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

4 “**SEC. 90. *Estate Tax Returns.*** –

5 x x x

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

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

1 **“SEC. 91. Payment of Tax. –**

2 **(A) Time of Payment.** – The estate tax
3 imposed by Section 84 shall be paid, EITHER
4 ELECTRONICALLY OR MANUALLY, at the time
5 the return is filed by the executor, administrator, or
6 the heirs.

7 x x x

8 **(D) Liability for Payment.** - The estate tax
9 imposed by Section 84 shall be paid, EITHER
10 ELECTRONICALLY OR MANUALLY, by the
11 executor or administrator before delivery to any
12 beneficiary of his distributive share of the estate.
13 Such beneficiary shall to the extent of his
14 distributive share of the estate, be subsidiarily
15 liable for the payment of such portion of the estate
16 tax as his distributive share bears to the value of
17 the total net estate.

18 x x x.”

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

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

6 **(A) x x x**

7 **(B) Time and Place of Filing and**
8 **Payment. –** The return of the donor required in
9 this Section shall be filed, EITHER
10 ELECTRONICALLY OR MANUALLY, within
11 thirty (30) days after the date the gift is made, and
12 the tax due thereon shall be paid, EITHER
13 ELECTRONICALLY OR MANUALLY, at the time
14 of filing. Except in cases where the Commissioner
15 otherwise permits, the return shall be filed and the
16 tax paid, EITHER ELECTRONICALLY OR
17 MANUALLY, to anY authorized agent bank, [~~the~~
18 Revenue District Office[~~r~~] THROUGH Revenue
19 Collection Officer, or AUTHORIZED TAX
20 SOFTWARE PROVIDER [~~duly~~—authorized

1 ~~Treasurer of the city or municipality where the~~
2 ~~donor was domiciled at the time of the transfer, or if~~
3 ~~there be no legal residence in the Philippines, with~~
4 ~~the Office of the Commissioner. In the case of gifts~~
5 ~~made by a nonresident, the return may be filed with~~
6 ~~the Philippine Embassy or Consulate in the country~~
7 ~~where he is domiciled at the time of the transfer, or~~
8 ~~directly with the Office of the Commissioner].”~~

9 SEC. 14. Section 106 of the National Internal
10 Revenue Code of 1997, as amended, is hereby further
11 amended to read as follows:

12 **“SEC. 106. *Value-Added Tax on Sale of***
13 ***Goods or Properties.* –**

14 **(A) Rate and Base of Tax.** – There shall be
15 levied, assessed and collected on every sale, barter
16 or exchange of goods or properties, a value-added
17 tax equivalent to twelve percent (12%) of the gross
18 ~~[selling price or gross value in money]~~ SALES of the
19 goods or properties sold, bartered or exchanged,
20 such tax to be paid by the seller or transferor.

1 **(1) xxx**

2 **(a) xxx**

3 **(b) xxx**

4 **(c) xxx**

5 **(d) xxx**

6 **(e) xxx**

7 FOR THE PURPOSES OF THIS SECTION,

8 [~~F~~]the term 'gross [~~selling price~~] SALES' means the
9 total amount of money or its equivalent VALUE IN
10 MONEY, which the purchaser pays or is obligated
11 to pay to the seller in consideration of the sale,
12 barter or exchange of the goods or properties,
13 excluding the value-added tax. The excise tax, if
14 any, on such goods or properties shall form part of
15 the gross [~~selling price~~] SALES.

16 x x x

17 **(D) Sales Returns, Allowances and Sales**

18 **Discounts.** – The value of goods or properties sold
19 and subsequently returned or for which allowances
20 were granted by a VAT-registered person may be

1 deducted from the gross sales [~~or receipts~~] for the
2 quarter in which a refund is made or a credit
3 memorandum or refund is issued. Sales discount
4 granted and indicated in the invoice at the time of
5 sale and the grant of which does not depend upon
6 the happening of a future event may be excluded
7 from the gross sales within the same quarter it was
8 given.

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

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

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

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

8 x x x

9 FOR PURPOSES OF THIS SECTION, [~~T~~]The
10 term ‘gross [~~receipts~~] SALES’ means the total
11 amount of money or its equivalent representing the
12 contract price, compensation, service fee, rental or
13 royalty, including the amount charged for materials
14 supplied with the services [~~and deposits and~~
15 ~~advanced payments actually or constructively~~
16 ~~received~~] during the taxable quarter for the services
17 performed [~~or to be performed~~] for another person,
18 WHICH THE PURCHASER PAYS OR IS
19 OBLIGATED TO PAY TO THE SELLER IN
20 CONSIDERATION OF THE SALE, BARTER, OR

1 EXCHANGE OF SERVICES THAT HAS ALREADY
2 BEEN RENDERED BY THE SELLER AND THE
3 USE OR LEASE OF PROPERTIES THAT HAVE
4 ALREADY BEEN SUPPLIED BY THE SELLER,
5 excluding value-added tax AND THOSE AMOUNTS
6 EARMARKED FOR PAYMENT TO THIRD (3RD)
7 PARTY OR RECEIVED AS REIMBURSEMENT
8 FOR PAYMENT ON BEHALF OF ANOTHER
9 WHICH DO NOT REDOUND TO THE BENEFIT
10 OF THE SELLER AS PROVIDED UNDER
11 RELEVANT LAWS, RULES OR REGULATIONS:
12 *PROVIDED*, THAT FOR LONG-TERM
13 CONTRACTS FOR A PERIOD OF ONE (1) YEAR
14 OR MORE, THE INVOICE SHALL BE ISSUED ON
15 THE MONTH IN WHICH THE SERVICE, OR USE
16 OR LEASE OF PROPERTIES IS RENDERED OR
17 SUPPLIED.

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

20 x x x

1 (1) Any input tax evidenced by a VAT invoice
2 ~~[or official receipt]~~ issued in accordance with Section
3 113 hereof on the following transactions shall be
4 creditable against the output tax:

5 (a) Purchase or importation of goods:

6 (i) For sale; or

7 (ii) For conversion into or intended to form
8 part of a finished product for sale including
9 packaging materials; or

10 (iii) For use as supplies in the course of
11 business; or

12 (iv) For use as materials supplied in the sale of
13 service; or

14 (v) For use in trade or business ~~[for which~~
15 ~~deduction for depreciation or amortization is~~
16 ~~allowed under this Code].~~

17 (b) Purchase of services on which a value-
18 added tax has ~~[been actually paid]~~ ACCRUED.

19 x x x

1 (D) OUTPUT VAT CREDIT ON
2 UNCOLLECTED RECEIVABLES. – A SELLER OF
3 GOODS OR SERVICES MAY DEDUCT THE
4 OUTPUT VAT PERTAINING TO UNCOLLECTED
5 RECEIVABLES FROM ITS OUTPUT VAT ON
6 THE NEXT QUARTER, AFTER THE LAPSE OF
7 THE AGREED UPON PERIOD TO PAY:
8 *PROVIDED*, THAT THE SELLER HAS FULLY
9 PAID THE VAT ON THE TRANSACTION:
10 *PROVIDED, FURTHER*, THAT THE VAT
11 COMPONENT OF THE UNCOLLECTED
12 RECEIVABLES HAS NOT BEEN CLAIMED AS
13 ALLOWABLE DEDUCTION UNDER SECTION
14 34(E) OF THIS CODE.

15 IN CASE OF RECOVERY OF
16 UNCOLLECTED RECEIVABLES, THE OUTPUT
17 VAT PERTAINING THERETO SHALL BE ADDED
18 TO THE OUTPUT VAT OF THE TAXPAYER
19 DURING THE PERIOD OF RECOVERY.”

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

4 “SEC. 112. *Refunds [~~or Tax Credits~~] of*
5 *Input Tax.* —

6 x x x

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

17 **(C) Period within which THE Refund [~~or~~**
18 **~~tax credit~~] of Input Taxes shall be Made.** – In
19 proper cases, the Commissioner shall grant a refund
20 for creditable input taxes within ninety (90) days

1 from the date of submission of [~~the official receipt~~
2 ~~or~~] invoices and other documents in support of the
3 application filed in accordance with Subsections (A)
4 and (B) hereof: *PROVIDED*, THAT FOR THIS
5 PURPOSE, THE VAT REFUND CLAIMS SHALL
6 BE CLASSIFIED INTO LOW-, MEDIUM-, AND
7 HIGH-RISK CLAIMS, WITH THE RISK
8 CLASSIFICATION BASED ON AMOUNT OF VAT
9 REFUND CLAIM, TAX COMPLIANCE HISTORY,
10 FREQUENCY OF FILING VAT REFUND CLAIMS,
11 AMONG OTHERS: *PROVIDED, FURTHER*, THAT
12 MEDIUM- AND HIGH-RISK CLAIMS SHALL BE
13 SUBJECT TO AUDIT OR OTHER VERIFICATION
14 PROCESSES IN ACCORDANCE WITH THE BIR'S
15 NATIONAL AUDIT PROGRAM FOR THE
16 RELEVANT YEAR: *Provided, FINALLY*, That
17 should the Commissioner find that the grant of
18 refund is not proper, the Commissioner must state
19 in writing the legal and factual basis for the denial
20 WITHIN THE NINETY (90)-DAY PERIOD.

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

14 **(D) Manner of Giving Refund.** - Refunds
15 shall be made upon warrants drawn by the
16 Commissioner or by his duly authorized
17 representative without the necessity of being
18 countersigned by the Chairman, Commission on
19 Audit, the provisions of the Administrative Code of
20 1987 to the contrary notwithstanding: *Provided,*

1 That refunds under this paragraph shall be subject
2 to post audit by the Commission on Audit
3 FOLLOWING THE RISK-BASED
4 CLASSIFICATION ABOVE-DESCRIBED:
5 *PROVIDED, FURTHER,* THAT IN CASE OF
6 DISALLOWANCE BY THE COMMISSION ON
7 AUDIT, ONLY THE TAXPAYER SHALL BE
8 LIABLE FOR THE DISALLOWED AMOUNT
9 WITHOUT PREJUDICE TO ANY
10 ADMINISTRATIVE LIABILITY ON THE PART OF
11 ANY EMPLOYEE OF THE BIR WHO MAY BE
12 FOUND TO BE GROSSLY NEGLIGENT IN THE
13 GRANT OF REFUND.”

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

17 **“SEC. 113. *Invoicing and Accounting***
18 ***Requirements for VAT-Registered Persons. —***

19 **(A) Invoicing Requirement[s]. —** A VAT-
20 registered person shall issue [:

1 (1) A VAT invoice for every sale, barter, [or]
2 exchange, OR LEASE of goods or properties ~~[- and~~

3 ~~(2) A VAT official receipt for every lease of~~
4 ~~goods or properties]~~, and for every sale, barter or
5 exchange of services.”

6 **(B) Information Contained in the VAT**
7 **Invoice [or VAT Official Receipt].** — The
8 following information shall be indicated in the VAT
9 invoice ~~[or VAT official receipt]~~:

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

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

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

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

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

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

19 (3) x x x

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

7 (C) x x x

8 **(D) Consequence of Issuing AN**
9 **Erroneous VAT Invoice [~~or VAT Official~~**
10 **Receipt]. —**

11 (1) If a person who is not a VAT-registered
12 person issues an invoice [~~or receipt~~] showing [~~his~~]
13 THE PERSON'S Taxpayer Identification Number
14 (~~TIN~~), followed by the word 'VAT':

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

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

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

1 (b) The VAT shall, if the other requisite
2 information required under Subsection (B) hereof is
3 shown on the invoice [~~or receipt~~], be recognized as
4 an input tax credit to the purchaser under Section
5 110 of this Code.

6 (2) If a VAT-registered person issues a VAT
7 invoice [~~or VAT official receipt~~] for a VAT-exempt
8 transaction, but fails to display [~~prominently~~] on the
9 invoice [~~or receipt~~] the term 'VAT-exempt sale', OR
10 CLEARLY PROVIDE A BREAKDOWN OF THE
11 VAT-EXEMPT SALE AS PROVIDED FOR UNDER
12 PARAGRAPH B (2) (D) HEREIN, the issuer shall
13 be liable to account for the tax imposed in Section
14 106 or 108 as if Section 109 did not apply.

15 (3) IF A VAT-REGISTERED PERSON
16 ISSUES A VAT-INVOICE TO ANOTHER VAT-
17 REGISTERED PERSON WITH LACKING
18 INFORMATION REQUIRED UNDER
19 SUBSECTION (B) HEREOF, THE ISSUER SHALL
20 BE LIABLE FOR NON-COMPLIANCE WITH THE

1 INVOICING REQUIREMENT, HOWEVER, THE
2 VAT SHALL STILL BE ALLOWED TO BE USED
3 AS INPUT TAX CREDIT ON THE PART OF THE
4 PURCHASER PURSUANT TO SECTION 110 OF
5 THIS CODE IF THE LACKING INFORMATION
6 DO NOT PERTAIN TO THE AMOUNT OF SALES,
7 AMOUNT OF VAT, NAME AND TIN OF BOTH
8 THE PURCHASER AND ISSUER/SELLER,
9 DESCRIPTION OF THE TRANSACTION, AND
10 THE DATE OF THE TRANSACTION.”

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

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

16 **(A) In General.** — Every person liable to
17 pay the value-added tax imposed under this Title
18 shall file, EITHER ELECTRONICALLY OR
19 MANUALLY, a quarterly return of the amount of
20 his gross sales [~~or receipts~~] within twenty-five (25)

1 days following the close of each taxable quarter
2 prescribed for each taxpayer: *Provided, however,*
3 That VAT-registered persons shall pay, EITHER
4 ELECTRONICALLY OR MANUALLY, the value-
5 added tax on a monthly basis: *Provided, finally,*
6 That beginning January 1, 2023, the filing and
7 payment required under this Subsection shall be
8 done within twenty-five (25) days following the close
9 of each taxable quarter.

10 x x x

11 **(B) Where to File the Return and Pay the**
12 **Tax.** – Except as the Commissioner otherwise
13 permits, the return shall be filed with and the tax
14 paid, EITHER ELECTRONICALLY OR
15 MANUALLY, to anY authorized agent bank,
16 REVENUE DISTRICT OFFICE THROUGH
17 Revenue Collection Officer, OR AUTHORIZED TAX
18 SOFTWARE PROVIDER [~~or duly authorized city or~~
19 ~~municipal Treasurer in the Philippines located~~

1 ~~within the revenue district where the taxpayer is~~
2 ~~registered or required to register].~~

3 x x x.”

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

7 **“SEC. 115. *Power of the Commissioner to***
8 ***Suspend the Business Operations of a***
9 ***Taxpayer.*** — The Commissioner or his authorized
10 representative is hereby empowered to suspend the
11 business operations and temporarily close the
12 business establishment of any person for any of the
13 following violations:

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

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

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

18 (3) Understatement of taxable sales [~~or~~
19 ~~receipts~~] by thirty percent (30%) or more of his

1 correct taxable sales [~~or receipts~~] for the taxable
2 quarter.

3 x x x.”

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

7 **“SEC. 116. *Tax on Persons Exempt from***
8 ***Value-Added Tax (VAT).*** – Any person whose
9 sales [~~or receipts~~] are exempt under Section 109
10 (CC) of this Code from the payment of value-added
11 tax and who is not a VAT-registered person shall
12 pay EITHER ELECTRONICALLY OR
13 MANUALLY, a tax equivalent to three percent (3%)
14 of his gross quarterly sales [~~or receipts~~]; *Provided,*
15 That cooperatives, shall be exempt from the three
16 percent (3%) [~~gross receipts~~] tax herein imposed:
17 *Provided, further,* That effective July 1, 2020 until
18 June 30, 2023, the rate shall be one percent (1%).”

1 SEC. 23. Section 117 of the National Internal
2 Revenue Code of 1997, as amended, is hereby further
3 amended to read as follows:

4 “SEC. 117. *Percentage Tax on Domestic*
5 *Carriers and Keepers of Garages.* — Cars for
6 rent or hire driven by the lessee; transportation
7 contractors, including persons who transport
8 passengers for hire, and other domestic carriers by
9 land for the transport of passengers (except owners
10 of bancas and owners of animal-drawn two wheeled
11 vehicle), and keepers of garages shall pay a tax
12 equivalent to three percent (3%) of their quarterly
13 gross [~~receipts~~] SALES.

14 The gross [~~receipts~~] SALES of common
15 carriers derived from their incoming and outgoing
16 freight shall not be subjected to the local taxes
17 imposed under Republic Act No. 7160, otherwise
18 known as the Local Government Code of 1991.”

19 ~~[In computing the percentage tax provided in~~
20 ~~this Section, the following shall be considered the~~

1 ~~minimum quarterly gross receipts in each particular~~
 2 ~~ease:~~

3 ~~Jeepney for hire—~~

4 ~~1. Manila and other cities————— P2,400~~

5 ~~2. Provincial————— 1,200~~

6 ~~Public utility bus—~~

7 ~~Not exceeding 30 passengers————— P3,600~~

8 ~~Exceeding 30 but not exceeding 50 passengers~~

9 ~~————— 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. 24. Section 118 of the National Internal
 17 Revenue Code of 1997, as amended, is hereby further
 18 amended to read as follows:

19 **“SEC. 118. *Percentage Tax on***
 20 ***International Carriers.* —**

1 (A) International air carriers doing business
2 in the Philippines on their gross [~~receipts~~] SALES
3 derived from transport of cargo from the Philippines
4 to another country shall pay a tax of three percent
5 (3%) of their quarterly gross [~~receipts~~] SALES.

6 (B) International shipping carriers doing
7 business in the Philippines on their gross [~~receipts~~]
8 SALES derived from transport of cargo from the
9 Philippines to another country shall pay a tax
10 equivalent to three percent (3%) of their quarterly
11 gross [~~receipts~~] SALES.”

12 SEC. 25. Section 119 of the National Internal
13 Revenue Code of 1997, as amended, is hereby further
14 amended to read as follows:

15 “SEC. 119. *Tax on Franchises.* — Any
16 provision of general or special law to the contrary
17 notwithstanding, there shall be levied, assessed and
18 collected in respect to all franchises on radio and/or
19 television broadcasting companies whose annual
20 gross [~~receipts~~] SALES of the preceding year do not

1 exceed Ten million pesos (P10,000,000), subject to
2 Section 236 of this Code, a tax of three percent (3%)
3 and on gas and water utilities, a tax of two percent
4 (2%) on the gross [~~receipts~~] SALES derived from the
5 business covered by the law granting the franchise:
6 *Provided, however,* That radio and television
7 broadcasting companies referred to in this Section
8 shall have an option to be registered as a value-
9 added taxpayer and pay the tax due thereon:
10 *Provided, further,* That once the option is exercised,
11 said option shall be irrevocable.

12 x x x.”

13 SEC. 26. Section 120 of the National Internal
14 Revenue Code of 1997, as amended, is hereby further
15 amended to read as follows:

16 “SEC. 120. *Tax on Overseas Dispatch,*
17 *Message or Conversation Originating from the*
18 *Philippines. —*

19 **(A) Persons Liable. —** There shall be
20 collected upon every overseas dispatch, message or

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

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

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

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

1 **(3) International Organizations.** —

2 Amounts [~~paid~~] BILLED for messages transmitted
3 by a public international organization or any of its
4 agencies based in the Philippines enjoying
5 privileges, exemptions and immunities which the
6 Government of the Philippines is committed to
7 recognize pursuant to an international agreement;
8 and

9 **(4) News Services.** — Amounts [~~paid~~]

10 BILLED for messages from any newspaper, press
11 association, radio or television newspaper,
12 broadcasting agency, or newstickers services, to any
13 other newspaper, press association, radio or
14 television newspaper broadcasting agency, or
15 newsticker service or to a bona fide correspondent,
16 which messages deal exclusively with the collection
17 of news items for, or the dissemination of news item
18 through, public press, radio or television
19 broadcasting or a newsticker service furnishing a

1 general news service similar to that of the public
2 press.”

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

6 **“SEC. 128. *Returns and Payment of***
7 ***Percentage Taxes.* –**

8 (A) Returns of Gross Sales, [~~Receipts~~] or
9 Earnings and Payment of Tax. –

10 (1) Persons Liable to Pay Percentage Taxes. -
11 Every person subject to the percentage taxes
12 imposed under this Title shall file, EITHER
13 ELECTRONICALLY OR MANUALLY, a quarterly
14 return of the amount of [~~his~~] THE PERSON’S gross
15 sales, [~~receipts~~] or earnings and pay, EITHER
16 ELECTRONICALLY OR MANUALLY, TO ANY
17 AUTHORIZED AGENT BANK, REVENUE
18 DISTRICT OFFICE THROUGH REVENUE
19 COLLECTION OFFICER, OR AUTHORIZED TAX
20 SOFTWARE PROVIDER, the tax due thereon

1 within twenty-five (25) days after the end of each
2 taxable quarter: *Provided*, That in the case of a
3 person whose VAT registration is cancelled and who
4 becomes liable to the tax imposed in Section 116 of
5 this Code, the tax shall accrue from the date of
6 cancellation and shall be paid in accordance with
7 the provisions of this Section.

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

16 x x x

17 (B) Where to File. - Except as the
18 Commissioner otherwise permits, every person
19 liable to the percentage tax under this Title [~~may, at~~
20 ~~his~~—~~option,~~] SHALL file EITHER

1 ELECTRONICALLY OR MANUALLY, a [~~separate~~
2 ~~return for each branch or place of business, or~~
3 consolidated return for all branches or places of
4 business with [~~the~~] ANY authorized agent bank,
5 Revenue District Office[~~r,~~] THROUGH REVENUE
6 Collection OFFICER, OR AUTHORIZED TAX
7 SOFTWARE PROVIDER [~~Agent or duly authorized~~
8 ~~Treasurer of the city or municipality where said~~
9 ~~business or principal place of business is located, as~~
10 ~~the case may be.~~”

11 SEC. 28. Section 200 of the National Internal
12 Revenue Code of 1997, as amended, is hereby amended to
13 read as follows:

14 “SEC. 200. *Payment of Documentary*
15 *Stamp Tax.* –

16 (A) **In General.** – The provisions of
17 Presidential Decree No. 1045 notwithstanding, any
18 person liable to pay documentary stamp tax upon
19 any document subject to tax under Title VII of this
20 Code shall file a tax return, EITHER

1 ELECTRONICALLY OR MANUALLY, and pay,
2 EITHER ELECTRONICALLY OR MANUALLY, the
3 tax in accordance with the rules and regulations to
4 be prescribed by the Secretary of Finance, upon
5 recommendation of the Commissioner.

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

18 **(C) Where to File.** – Except in cases where
19 the Commissioner otherwise permits, the aforesaid
20 tax return shall be filed, EITHER

1 ELECTRONICALLY OR MANUALLY, with and the
2 tax due shall be paid, EITHER ELECTRONICALLY
3 OR MANUALLY, through [~~the~~] ANY authorized
4 agent bank [~~within the territorial jurisdiction of~~
5 ~~the~~], Revenue District Office THROUGH
6 REVENUE COLLECTION OFFICER, OR
7 AUTHORIZED TAX SOFTWARE PROVIDER
8 [~~which has jurisdiction over the residence or~~
9 ~~principal place of business of the taxpayer. In places~~
10 ~~where there is no authorized agent bank, the return~~
11 ~~shall be filed with, or duly authorized Treasurer of~~
12 ~~the city or municipality in which the taxpayer has~~
13 ~~his legal residence or principal place of business~~].

14 x x x.”

15 SEC. 29. Section 204 of the National Internal
16 Revenue Code of 1997, as amended, is hereby further
17 amended to read as follows:

18 ***“SEC. 204. Authority of the Commissioner***
19 ***to Compromise, Abate and Refund or Credit***
20 ***Taxes. –***

1 The Commissioner may –

2 x x x

3 (C) Credit or refund taxes erroneously or
4 illegally received or penalties imposed without
5 authority, refund the value of internal revenue
6 stamps when they are returned in good condition by
7 the purchaser, and, in his discretion, redeem or
8 change unused stamps that have been rendered
9 unfit for use and refund their value upon proof of
10 destruction. No credit or refund of taxes or penalties
11 shall be allowed unless the taxpayer files in writing
12 with the Commissioner a claim for credit or refund
13 within two (2) years after the payment of the tax or
14 penalty AS PROVIDED UNDER SECTION 229 OF
15 THIS CODE: *Provided, however,* That a return filed
16 showing an overpayment shall be considered as a
17 written claim for credit or refund: *PROVIDED,*
18 *FURTHER,* THAT THE COMMISSIONER SHALL
19 PROCESS AND DECIDE THE REFUND UNDER
20 THIS PROVISION WITHIN ONE HUNDRED

1 EIGHTY (180) DAYS FROM DATE OF
2 SUBMISSION OF COMPLETE DOCUMENTS IN
3 SUPPORT OF THE APPLICATION FILED:
4 *PROVIDED, FURTHERMORE*, THAT SHOULD
5 THE COMMISSIONER DENY, IN FULL OR IN
6 PART, THE CLAIM FOR REFUND, THE
7 COMMISSIONER SHALL STATE THE LEGAL
8 AND/OR FACTUAL BASIS FOR THE DENIAL:
9 *PROVIDED, FINALLY*, THAT FAILURE ON THE
10 PART OF ANY OFFICIAL, AGENT, OR
11 EMPLOYEE OF THE BIR TO PROCESS AND
12 DECIDE ON THE APPLICATION WITHIN THE
13 ONE HUNDRED EIGHTY (180)-DAY PERIOD
14 SHALL BE PUNISHABLE UNDER SECTION 269
15 OF THIS CODE.

16 A Tax Credit Certificate validly issued under
17 the provisions of this Code may be applied against
18 any internal revenue tax, excluding withholding
19 taxes, for which the taxpayer is directly liable. Any
20 request for conversion into refund of unutilized tax

1 credits may be allowed, subject to the provisions of
2 Section 230 of this Code: *Provided*, That the original
3 copy of the Tax Credit Certificate showing a
4 creditable balance is surrendered to the appropriate
5 revenue officer for verification and cancellation:
6 *Provided, further*, That in no case shall a tax refund
7 be given resulting from availment of incentives
8 granted pursuant to special laws for which no
9 actual payment was made.

10 x x x.”

11 SEC. 30. Section 236 of the National Internal
12 Revenue Code of 1997, as amended, is hereby further
13 amended to read as follows:

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

15 **(A) Requirements. –** Every person subject to
16 any internal revenue tax shall register once,
17 EITHER ELECTRONICALLY OR MANUALLY,
18 with the appropriate Revenue District Office[~~¶~~]:

19 (1) Within ten (10) days from date of
20 employment, or

1 (2) On or before the commencement of
2 business, or

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

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

6 The registration shall contain the taxpayer's
7 name, [~~style,~~] place of residence, business, and such
8 other information as may be required by the
9 Commissioner in the form prescribed therefor:

10 *Provided*, THAT THE COMMISSIONER SHALL
11 ENSURE THE AVAILABILITY OF
12 REGISTRATION FACILITIES TO ALL
13 TAXPAYERS INCLUDING THOSE WHO ARE
14 NOT RESIDING IN THE COUNTRY: *PROVIDED*,
15 *FURTHER*, That the Commissioner shall simplify
16 the business registration and tax compliance
17 requirements of self-employed individuals and/or
18 professionals.

19 x x x

1 ~~[(B) Annual Registration Fee. — An annual~~
2 ~~registration fee in the amount of Five hundred~~
3 ~~pesos (PhP500) for every separate or distinct~~
4 ~~establishment or place of business, including facility~~
5 ~~types where sales transactions occur, shall be paid~~
6 ~~upon registration and every year thereafter on or~~
7 ~~before the last day of January: Provided, however,~~
8 ~~That cooperatives, individuals earning purely~~
9 ~~compensation income, whether locally or abroad,~~
10 ~~and overseas workers are not liable to the~~
11 ~~registration fee herein imposed.~~

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

18 **[(C)] (B) Registration of Each Type of**
19 **Internal Revenue Tax.** – Every person who is
20 required to register with the Bureau of Internal

1 Revenue under Subsection (A) hereof, shall register
2 each type of internal revenue tax for which he is
3 obligated, shall file a return, EITHER
4 ELECTRONICALLY OR MANUALLY, and shall
5 pay, EITHER ELECTRONICALLY OR
6 MANUALLY, such taxes, and shall update[s] such
7 registration of any changes in accordance with
8 Subsection [~~(E)~~] (D) hereof.

9 ~~(D)~~ **(C) Transfer of Registration.** – In case
10 a registered person decides to transfer THE[his]
11 place of business or [his] head office or branches, it
12 shall be THE PERSON'S [his] duty to update
13 THE[his] registration status by MERELY filing,
14 EITHER ELECTRONICALLY OR MANUALLY, an
15 application for registration information update in
16 the form prescribed therefor: *PROVIDED,*
17 *HOWEVER,* THAT IF THE TRANSFERRING
18 REGISTERED PERSON IS SUBJECT OF AN
19 AUDIT INVESTIGATION, THE REVENUE
20 DISTRICT OFFICE WHICH INITIATED THE

1 AUDIT INVESTIGATION SHALL CONTINUE
2 THE SAME.”

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

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

5 **(1) General Rule.** – The registration of any
6 person [~~who ceases to be liable to a tax type~~] shall
7 be cancelled upon MERE filing, EITHER
8 ELECTRONICALLY OR MANUALLY, with the
9 Revenue District Office where he is registered an
10 application for registration information update in a
11 form prescribed therefor. HOWEVER, THIS SHALL
12 NOT PRECLUDE THE COMMISSSIONER OF
13 THE INTERNAL REVENUE OR HIS
14 AUTHORIZED REPRESENTATIVE FROM
15 CONDUCTING AN AUDIT IN ORDER TO
16 DETERMINE ANY TAX LIABILITY;

17 **(2) Cancellation of Value-Added Tax**
18 **Registration.** – A VAT- registered person may
19 cancel [~~his~~] THE registration for VAT if:

1 (a) ~~[He]~~THE PERSON makes A written OR
2 AN ELECTRONIC application and can demonstrate
3 to the Commissioner's satisfaction that ~~[his]~~ THE
4 gross sales ~~[or receipts]~~ for the following twelve (12)
5 months, other than those that are exempt under
6 Section 109 (A) to (~~[U]~~CC), will not exceed [~~One~~
7 ~~million five hundred thousand~~] THE THRESHOLD
8 AS PROVIDED IN SECTION 109(CC); or

9 (b) ~~[He]~~ THE PERSON has ceased to carry on
10 ~~[his]~~ THE trade or business, and does not expect to
11 recommence any trade or business within the next
12 (12) months.

13 The cancellation of registration will be
14 effective from the first day of the following month.

15 ~~[(G)]~~ **(F) Persons Required to Register for**
16 **Value-Added Tax. —**

17 (1) Any person who, in the course of trade
18 or business, sells, barter or exchanges goods or
19 properties, or engages in the sale or exchange of
20 services, shall be liable to register, EITHER

1 ELECTRONICALLY OR MANUALLY, for value-
2 added tax if:

3 (a) ~~[His]~~THE PERSON'S gross sales [or
4 receipts] for the past twelve (12) months, other than
5 those that are exempt under Section 109(A) to
6 (~~[BB]~~CC), have exceeded [~~Three million pesos~~
7 ~~(P3,000,000)]~~ THE THRESHOLD AS PROVIDED
8 IN SECTION 109(CC);

9 (b) There are reasonable grounds to believe
10 that [~~his~~] THE gross sales [~~or receipts~~] for the next
11 twelve (12) months, other than those that are
12 exempt under Section 109(A) to (~~[BB]~~CC), will
13 exceed [~~Three million pesos (P3,000,000)]~~ THE
14 THRESHOLD AS PROVIDED IN SECTION 109
15 (CC).

16 (2) Every person who becomes liable to be
17 registered under paragraph (1) of this Subsection
18 shall register, EITHER ELECTRONICALLY OR
19 MANUALLY, with the APPROPRIATE Revenue
20 District Office, AS DETERMINED BY THE

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

9 ~~(H)~~ **(G) Optional Registration for Value-**
10 **Added Tax of Exempt Person. –**

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

19 (2) Any person who elects to register under
20 this Subsection shall not be entitled to cancel his

1 registration under Subsection [~~(F)~~] (E)(2) for the
2 next three (3) years.

3 x x x

4 For purposes of Title IV of this code, any
5 person who has registered value-added tax as a tax
6 type in accordance with the provisions of Subsection
7 (~~(C)~~B) hereof shall be referred to as a “VAT-
8 registered person” who shall be assigned only one
9 Taxpayer Identification Number (TIN).

10 [~~(F)~~] **(H) Supplying of Taxpayer**
11 **Identification Number (TIN). –**

12 Any person required under the authority of
13 this Code to make, render or file a return,
14 statement or other document shall be supplied with
15 or assigned a Taxpayer Identification Number (TIN)
16 which [~~he~~] THE PERSON shall indicate in such
17 return, statement or document filed, EITHER
18 ELECTRONICALLY OR MANUALLY, with the
19 Bureau of Internal Revenue for [~~his~~] proper
20 identification for tax purposes, and which [~~he~~] THE

1 PERSON shall indicate in certain documents, such
2 as, but not limited to the following:

3 x x x

4 In cases where a registered taxpayer dies, the
5 administrator or executor shall register, EITHER
6 ELECTRONICALLY OR MANUALLY, the estate of
7 the decedent in accordance with Subsection (A)
8 hereof and a new Taxpayer Identification Number
9 (TIN) shall be supplied in accordance with the
10 provisions of this Section.

11 In the case of a nonresident decedent, the
12 executor or administrator of the estate shall
13 register, EITHER ELECTRONICALLY OR
14 MANUALLY, the estate with the Revenue District
15 Office where [~~he~~] THE EXECUTOR OR
16 ADMINISTRATOR is registered: *Provided, however,*
17 That in case such executor or administrator is not
18 registered, registration of the estate shall be made
19 with the Taxpayer Identification Number (TIN)
20 supplied by the Revenue District Office having

1 jurisdiction over THE EXECUTOR OR
2 ADMINISTRATOR'S legal residence.

3 x x x."

4 SEC. 31. Section 237 of the National Internal
5 Revenue Code of 1997, as amended, is hereby further
6 amended to read as follows:

7 **"SEC. 237. Issuance of [Receipts or] Sales**
8 **or Commercial Invoices. –**

9 **(A) Issuance.** — All persons subject to an
10 internal revenue tax shall, at the point of each sale
11 and transfer of merchandise or for services rendered
12 valued at [~~One~~] FIVE hundred pesos (PhP[~~1~~]500.00)
13 or more, issue duly registered [~~receipts or~~] sale or
14 commercial invoices, showing the NAME,
15 TAXPAYER IDENTIFICATION NUMBER (TIN),
16 date of transaction, quantity, unit cost and
17 description of merchandise or nature of service:
18 **PROVIDED, THAT THE AMOUNT HEREIN**
19 **STATED SHALL BE ADJUSTED TO ITS**
20 **PRESENT VALUES EVERY THREE (3) YEARS**

1 USING THE CONSUMER PRICE INDEX, AS
2 PUBLISHED BY THE PHILIPPINE STATISTICS
3 AUTHORITY (PSA): *PROVIDED, FURTHER,*
4 THAT THE SELLER SHALL ISSUE SALE OR
5 COMMERCIAL INVOICES WHEN THE BUYER
6 SO REQUIRES REGARDLESS OF THE AMOUNT
7 OF THE TRANSACTION: *Provided, however,* That
8 [~~where the receipt is issued to cover payment made~~
9 ~~as rentals, commissions, compensation or fees,~~
10 ~~receipts or invoices shall be issued which shall show~~
11 ~~the name, business style, if any, and address of the~~
12 ~~purchaser, customer or client:]~~ IF THE SALES
13 AMOUNT PER TRANSACTION IS BELOW THE
14 THRESHOLD, THE SELLER WILL ISSUE ONE
15 (1) INVOICE FOR THE AGGREGATE SALES
16 AMOUNT FOR SUCH SALES AT THE END OF
17 THE DAY: *Provided, further,* That THE
18 AGGREGATE SALES AMOUNT AT THE END OF
19 THE DAY IS AT LEAST FIVE HUNDRED PESOS
20 (P500.00): *PROVIDED, FINALLY,* THAT [~~where the~~

1 ~~purchaser is a VAT registered person, in addition to~~
2 ~~the information herein required, the invoice or~~
3 ~~receipt shall further show the Taxpayer~~
4 ~~Identification Number (TIN) of the purchaser.]~~

5 VAT-REGISTERED PERSONS SHALL ISSUE
6 DULY REGISTERED SALE OR COMMERCIAL
7 INVOICES REGARDLESS OF THE AMOUNT OF
8 THE SALE AND TRANSFER OF MERCHANDISE
9 OR FOR SERVICES RENDERED.

10 x x x.”

11 SEC. 32. Section 238 of the National Internal
12 Revenue Code of 1997, as amended, is hereby further
13 amended to read as follows:

14 **“SEC. 238. *Printing of [Receipts-or] Sales***
15 ***or Commercial Invoices.*** – All persons who are
16 engaged in business shall secure, FREE OF
17 CHARGE, from the Bureau of Internal Revenue an
18 authority to print [~~receipts-or~~] sales or commercial
19 invoices before a printer can print the same.

1 No authority to print [~~receipts or~~] sales or
2 commercial invoices shall be granted unless the
3 [~~receipts or~~] invoices to be printed are serially
4 numbered and shall show, among other things, the
5 name, [~~business style,~~] Taxpayer Identification
6 Number (TIN) and business address of the person or
7 entity to use the same, and such other information
8 that may be required by the rules and regulations to
9 be promulgated by the Secretary of Finance, upon
10 recommendation of the Commissioner.

11 All persons who print [~~receipt or~~] sales or
12 commercial invoices shall maintain a
13 logbook/register of taxpayers who availed of their
14 printing services. The logbook/register shall contain
15 the following information:

16 (1) Names, Taxpayer Identification Numbers
17 of the persons or entities for whom the [~~receipts or~~]
18 sales or commercial invoices were printed; and

19 (2) Number of booklets, number of sets per
20 booklet, number of copies per set and the serial

1 numbers of the [~~receipts or~~] invoices in each
2 booklet.”

3 SEC. 33. Section 241 of the National Internal
4 Revenue Code of 1997, as amended, is hereby amended to
5 read as follows:

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

17 SEC. 34. Section 242 of the National Internal
18 Revenue Code of 1997, as amended, is hereby amended to
19 read as follows:

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

14 The requirement under this Section shall also
15 be applicable in the case of transfer of ownership or
16 change of name of the business establishment.”

17 SEC. 35. Section 243 of the National Internal
18 Revenue Code of 1997, as amended, is hereby amended to
19 read as follows:

1 “**SEC. 243. *Removal of Business to Other***
2 ***Location.*** - Any REGISTERED business [~~for which~~
3 ~~the annual registration fee has been paid~~] may,
4 subject to the rules and regulations prescribed by
5 the Secretary of Finance, upon recommendation of
6 the Commissioner, be removed and continued in any
7 other place without the payment of additional tax
8 during the term for which the payment was made.”

9 SEC. 36. Section 245 of the National Internal
10 Revenue Code of 1997, as amended, is hereby amended to
11 read as follows:

12 “**SEC. 245. *Specific Provisions to be***
13 ***Contained in Rules and Regulations.*** — The
14 rules and regulations of the Bureau of Internal
15 Revenue shall, among other things, contain
16 provisions specifying, prescribing or defining:

17 x x x

18 (i) The manner in which tax returns,
19 information and reports shall be prepared and
20 reported and the tax collected and paid, as well as

1 the conditions under which evidence of payment
2 shall be furnished the taxpayer, and the
3 preparation and publication of tax statistics, AND
4 PUBLICATION OF INFORMATION REQUIRED
5 TO BE PUBLISHED PURSUANT TO ANY LAW,
6 RULES, AND REGULATIONS. FOR PURPOSES
7 OF PUBLICATION, THE BUREAU OF INTERNAL
8 REVENUE MAY MAKE USE OF ANY
9 ELECTRONIC MEANS OF PUBLICATION IN
10 THE OFFICIAL GAZETTE, OR ITS OFFICIAL
11 WEBSITE;

12 (j) The manner in which internal revenue
13 taxes, such as income tax, including withholding
14 tax, estate and donor's taxes, value-added tax, other
15 percentage taxes, excise taxes and documentary
16 stamp taxes shall be paid, EITHER
17 ELECTRONICALLY OR MANUALLY, through the
18 collection officers of the Bureau of Internal Revenue
19 or through duly authorized agent banks which are
20 hereby deputized to receive payments of such taxes

1 and the returns, papers and statements that may be
2 filed by the taxpayers in connection with the
3 payment of the tax: *Provided, however,* That
4 notwithstanding the other provisions of this Code
5 prescribing the place of filing of returns and
6 payment of taxes, the Commissioner may, by rules
7 and regulations, require that the tax returns,
8 papers and statements and taxes of large taxpayers
9 be filed and paid, respectively, THROUGH ANY
10 AUTHORIZED AGENT BANKS, OR WITH ANY
11 REVENUE DISTRICT OFFICE THROUGH
12 REVENUE C[ollection] O[fficer][s, ~~or through~~
13 ~~duly authorized agent banks~~] OR AUTHORIZED
14 TAX SOFTWARE PROVIDER: *Provided, further,*
15 That the Commissioner can exercise this power
16 within six (6) years from the approval of Republic
17 Act No. 7646 or the completion of its comprehensive
18 computerization program, whichever comes earlier:
19 *Provided, finally,* That separate venues for the
20 Luzon, Visayas and Mindanao areas may be

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

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

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

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

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

18 (4) Withholding Tax — Business
19 establishment with withholding tax payment or

1 remittance of at least One million pesos
2 (PhP1,000,000) for the preceding taxable year.

3 *Provided, however,* That the Secretary of
4 Finance, upon recommendation of the
5 Commissioner, may modify or add to the above
6 criteria for determining a large taxpayer after
7 considering such factors as inflation, volume of
8 business, wage and employment levels, and similar
9 economic factors.

10 The penalties prescribed under Section 248 of
11 this Code shall be imposed on any violation of the
12 rules and regulations issued by the Secretary of
13 Finance, upon recommendation of the
14 Commissioner, prescribing the place of filing of
15 returns and payments of taxes by large taxpayers.”

16 SEC. 37. Section 248 of the National Internal
17 Revenue Code of 1997, as amended, is hereby amended to
18 read as follows:

1 **“SEC. 248. *Civil Penalties.* –**

2 (A) There shall be imposed, in addition to the
3 tax required to be paid, a penalty equivalent to
4 twenty-five percent (25%) of the amount due, in the
5 following cases:

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

10 ~~[(2) Unless otherwise authorized by the~~
11 ~~Commissioner, filing a return with an internal~~
12 ~~revenue officer other than those with whom the~~
13 ~~return is required to be filed;]~~

14 ~~[(3)]~~ (2) Failure to pay the deficiency tax
15 within the time prescribed for its payment in the
16 notice of assessment; or

17 ~~[(4)]~~ (3) Failure to pay the full or part of the
18 amount of tax shown on any return required to be
19 filed under the provisions of this Code or rules and
20 regulations, or the full amount of tax due for which

1 no return is required to be filed, on or before the
2 date prescribed for its payment.

3 x x x.”

4 SEC. 38. Section 269 (j) of the National Internal
5 Revenue Code of 1997, as amended, is hereby amended to
6 read as follows:

7 **"SEC. 269. *Violations Committed by***
8 ***Government Enforcement Officers.*** — Every
9 official, agent, or employee of the Bureau of Internal
10 Revenue or any other agency of the Government
11 charged with the enforcement of the provisions of
12 this Code, who is guilty of any of the offenses
13 hereinbelow specified shall, upon conviction for each
14 act or omission, be punished by a fine of not less
15 than Fifty thousand pesos (P50,000) but not more
16 than One hundred thousand pesos (P100,000) and
17 suffer imprisonment of not less than ten (10) years
18 but not more than fifteen (15) years and shall
19 likewise suffer an additional penalty of perpetual

1 disqualification to hold public office, to vote, and to
2 participate in any public election:

3 x x x

4 (j) Deliberate failure to act on the application
5 for refunds within the prescribed period provided
6 under Section 112 AND SECTION 204 of this Act.

7 x x x."

8 SEC. 39. *Digitalization of BIR Services.* – In order to
9 improve the performance and efficiency in the delivery of
10 its services, the BIR shall adopt an integrated
11 digitalization strategy by providing automated end-to-end
12 solutions for the benefit of taxpayers. For this purpose, the
13 BIR shall:

14 (a) Adopt an integrated and automated system for
15 accepting and facilitating basic tax services such as
16 registration, TIN issuance and validation, filing of returns,
17 submission of supporting documents as attachments, and
18 payment of taxes as well as fines, surcharges, or penalties;

19 (b) Immediately take measures to set-up electronic
20 and online systems that will make the means of

1 exchanging data and information between offices,
2 departments, AABs and other pertinent units secure,
3 efficient, and seamless;

4 (c) Streamline procedures by adopting automation
5 and digitalization of BIR services to minimize face to face
6 transactions, and to facilitate efficient delivery of services
7 to taxpayers; and

8 (d) Build-up its technology capabilities, including the
9 creation of data centers, data repositories, basic messaging
10 and electronic mail facilities, encryption systems and
11 cyber-security systems.

12 SEC. 40. *EOPT and Digitalization Roadmap.* – The
13 BIR shall develop an Ease of Paying Taxes (EOPT) and
14 digitalization roadmap that will provide for the programs
15 and projects to be implemented to ensure ease of
16 compliance of tax laws, rules and regulations, including
17 but not limited to the adoption of simplified tax returns,
18 streamlining of tax processes, reduction of tax or
19 documentary requirements, and digitalization of BIR
20 services as provided under Section 40 of this Act: *Provided,*

1 That in developing this roadmap, the BIR shall prioritize
2 taxpayers with total assets of not more than Twenty
3 million pesos (P20,000,000.00) who are considered as micro
4 and small taxpayers for purposes of this Act, in terms of
5 streamlining tax procedures and documentary
6 requirements according to taxpayer size and capacity to
7 comply: *Provided, further,* That the BIR shall ensure the
8 accessibility of its various services to different taxpayers
9 particularly those with total assets of not more than
10 Twenty million pesos (P20,000,000.00) so as to improve tax
11 compliance, and enhance taxpayer convenience.

12 The BIR shall submit an annual report on the EOPT
13 and the digitalization roadmap to the Congressional
14 Oversight Committee on the Comprehensive Tax Reform
15 Program (COCCTRP) as provided under Section 290 of the
16 NIRC, as amended.

17 SEC. 41. *Special Concessions for Certain Taxpayers.* –
18 The following concessions shall be made available to all
19 taxpayers considered as micro and small taxpayers for
20 purposes of this Act:

1 (a) The Income Tax Return (ITR) required under
2 Section 51 of the NIRC, as amended, shall consist of a
3 maximum of two (2) pages in paper form or electronic form;

4 (b) A reduced rate of ten percent (10%) for civil
5 penalties as provided under Section 248 of the NIRC, as
6 amended;

7 (c) A fifty percent (50%) reduction on the interest
8 rate imposed under Section 249 of the NIRC, as amended;

9 (d) A reduced fine of Five hundred pesos (P500.00)
10 as penalty for failure to file certain information returns as
11 provided under Section 250 of the NIRC, as amended; and

12 (e) A reduced compromise penalty rate of at least fifty
13 percent (50%) for violations of Sections 113, 237, and 238 of
14 the NIRC, as amended.

15 SEC. 42. *Applicability of Data Privacy Principles.* –
16 The processing, recording, transmission and storage of all
17 personal data under this Act shall be in accordance with
18 Republic Act No. 10173, otherwise known as the “Data
19 Privacy Act of 2012”, and other laws on disclosure of

1 information to the public in adherence to the principles of
2 transparency, legitimate purpose and proportionality.

3 SEC. 43. *Implementing Rules and Regulations.* –
4 Within ninety (90) calendar days from the effectivity of this
5 Act, the Secretary of Finance, after due consultation with
6 the Bureau of Internal Revenue, Bureau of Customs, and
7 the private sector, shall promulgate the necessary rules
8 and regulations for its effective implementation.

9 SEC. 44. *Transitory Clause.* – Taxpayers are hereby
10 given six (6) months from the effectivity of the
11 implementing revenue regulations to comply with the
12 amendments to Title IV on the Value Added Tax of the
13 NIRC, as amended.

14 SEC. 45. *Separability Clause.* – If any provision of this
15 Act is declared unconstitutional, the remaining parts or
16 provision not affected thereby shall remain in full force and
17 effect.

18 SEC. 46. *Repealing Clause.* – All laws, decrees,
19 executive orders, implementing rules and regulations,
20 issuances, or any part thereof inconsistent with the

1 provisions of this Act are deemed repealed, amended or
2 modified accordingly.

3 SEC. 47. *Effectivity.* – This Act shall take effect fifteen
4 (15) days after its publication in the *Official Gazette* or in a
5 newspaper of general circulation.

Approved,