

# EASE OF PAYING TAXES 101

## EOPT and Beyond

14 May 2024

**05 January 2024**

### Signing into law

- › Republic Act No. 11976, otherwise known as the EASE OF PAYING TAXES (EOPT), was signed into law by President Marcos

**22 January 2024**

### Effectivity

- › EOPT took effect 15 days after its publication

**19 March 2024/  
27 April 2024**

### Effectivity of Regulations

- › EOPT RRs took effect fifteen (15) days following publication in a newspaper of general circulation/Official Gazette or posting in BIR website

### Publication

- › The law was published in the Official Gazette

**07 January 2024**

### Promulgation of RRs

- › SoF, after consultation with BIR and private sector, would promulgate the IRR within 90 calendar days from effectivity

**4 March 2024/  
12 April 2024**

## Issued Revenue Regulations

Revenue Regulation	Subject	Publication/Posting	Effectivity
2-2024	Publication of revenue issuances and other information	4 March 2024	19 March 2024
3-2024	VAT and PT provisions	12 April 2024	27 April 2024
4-2024	Filing, payment, and other matters affecting declaration of taxable income		
5-2024	Tax refunds		
6-2024	Reduced penalty and interest for micro and small taxpayers		
7-2024	Registration procedures and invoicing requirements		
8-2024	Classification of taxpayers		

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### Transitory Period

- › 6-month transitory period from the effectivity of the IRR to comply with amendments to TITLE IV (VAT) and TITLE V (OPT)

6-month period

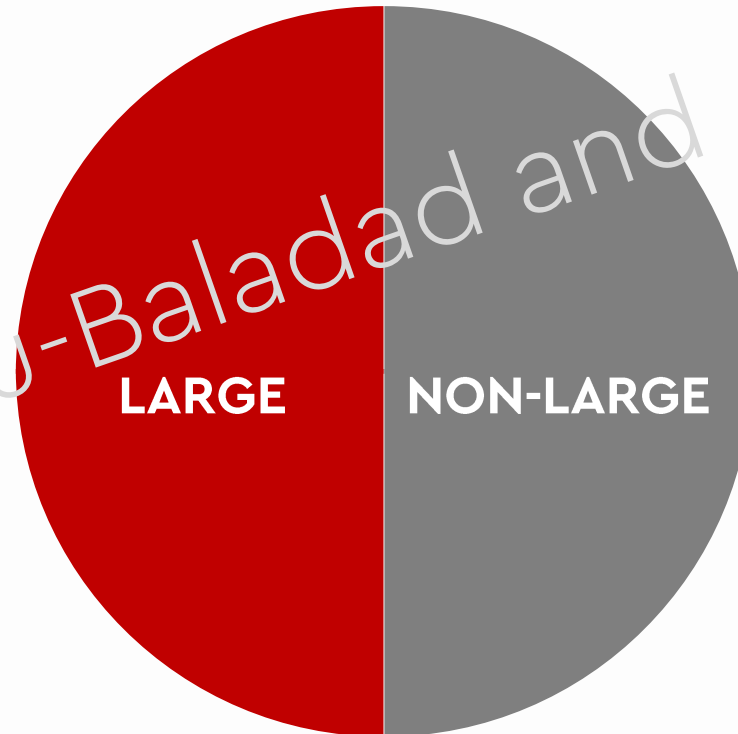
# EASE OF PAYING TAXES 101

## Classification of Taxpayers and Reduction of Penalties

14 May 2024

## Classification of Taxpayers – Pre-EOPT

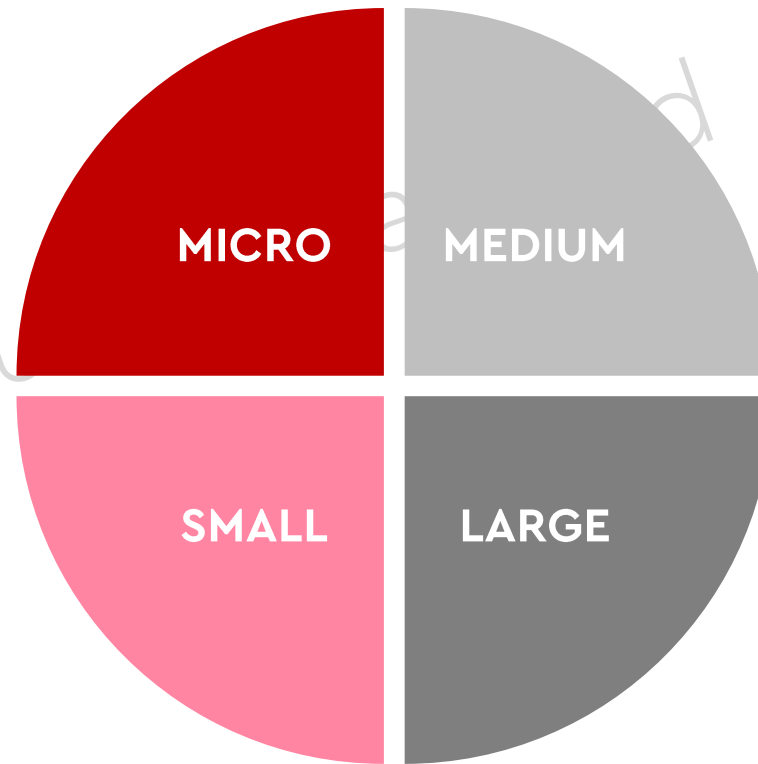
- ☑ Under the jurisdiction of the LTS and LTDOs
- ☑ Criteria for determination is based on:
  - Amount of periodic tax payments; or
  - Amount of financial condition/results of operation; or
  - Automatic classification of specific taxpayers



- ☑ Under the jurisdiction of the RRs and RDOs
- ☑ All other taxpayers that did not breach the criteria or is not among the specific taxpayers

## Classification of Taxpayers – After OPT

- ✓ Establishment of 4 distinct taxpayer classification
- ✓ Classification shall be based **gross sales**



- ✓ Coverage of **gross sales**:
  - Business income only;
  - Net of VAT; and
  - Without any other deductions.

# MM

## Micro Taxpayers

A taxpayer whose gross sales for a taxable year is less than P3,000,000.00

S

M

L

M



## Small Taxpayers

A taxpayer whose gross sales for a taxable year is P3,000,000.00 to less than P20,000,000.00

# M

## Medium Taxpayers

A taxpayer whose gross sales for a taxable year is P20,000,000.00 to less than P1,000,000,000.00

M

S

M

## Large Taxpayers

A taxpayer whose gross sales for a taxable year is P1,000,000,000.00 and above

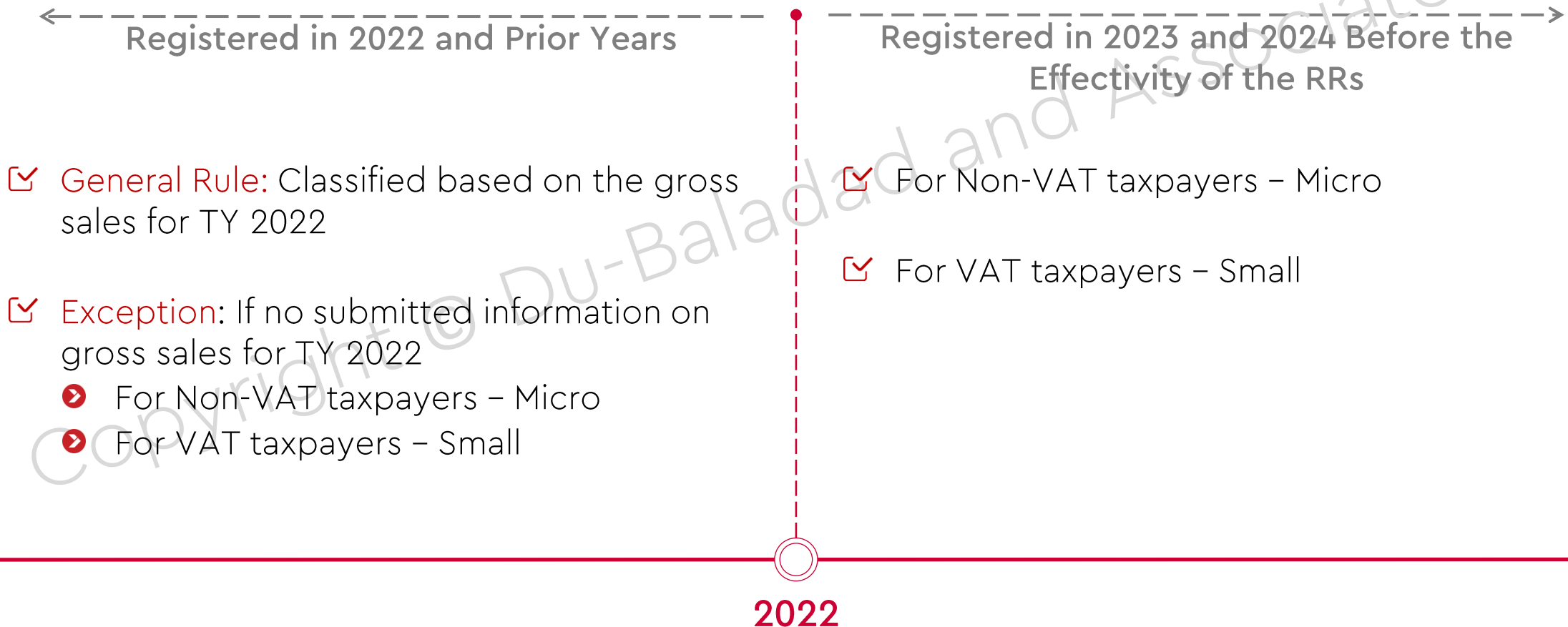
## • Initial Classification

- ✓ Based on the declaration in the Registration Forms
- ✓ Shall remain as such unless reclassified based on the thresholds

- ✓ Taxpayers shall be duly notified by the BIR
- ✓ Manner of notification to be the subject of a separate issuance

## • Classification/Reclassification

## Transitory Provisions on Taxpayer Classification



## Sample Scenarios

1

Taxpayer A, a VAT-registered taxpayer, reported P100,000,000.00 in gross sales for TY 2022. What is the initial classification of Taxpayer A?

2

3

Taxpayer A shall be initially classified as a **MEDIUM TAXPAYER**.

4

5

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## Sample Scenarios

1

Taxpayer B, a VAT-registered taxpayer, reported P100,000,000.00 in gross sales for TY 2021. What is the initial classification of Taxpayer B?

2

3

If Taxpayer B did not submit any information on its gross sales for TY 2022, it shall be initially classified as a **SMALL TAXPAYER** due to its VAT-registered status.

4

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## Sample Scenarios

1

2

3

Taxpayer C, a VAT-registered taxpayer, reported P21,000,000.00 in gross sales for TY 2022. It also reported sales discounts and refunds with an aggregate amount of P3,500,000.00. What is the initial classification of Taxpayer C?

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Taxpayer C shall be initially classified as a **MEDIUM TAXPAYER**. The sales discounts and refunds is not a valid deduction to gross sales for purposes of taxpayer classification.



## Sample Scenarios

1

Taxpayer D, a VAT-registered taxpayer, reported P15,000,000.00 in gross sales for TY 2021.

2

In TY 2022, it only reported sales the first 3 quarters to an aggregate amount of

3

P22,000,000.00. What is the initial classification of Taxpayer D?

4

Taxpayer D shall be initially classified as a **MEDIUM TAXPAYER**. The RRs provide that the gross sales for TY 2022 would be based from "any submitted information."

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## Sample Scenarios

1

Taxpayer E registered with the BIR on May 14, 2023. What is the initial classification of Taxpayer E?

2

3

Taxpayer E shall be initially classified as a **MICRO TAXPAYER**, if it registered as a Non-VAT Taxpayer, or as a **SMALL TAXPAYER**, if it registered as a VAT Taxpayer.

4

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## Sample Scenarios

1

Taxpayer F registered with the BIR on May 14, 2024. What is the initial classification of Taxpayer F?

2

3

Taxpayer F shall be initially classified **based on its REGISTRATION FORMS.**

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MICRO  
TAXPAYERS

**BDB Law**  
DU-BALADAD AND ASSOCIATES



SMALL  
TAXPAYERS

MEMBER FIRM OF  
**wts global**

## Reduced Interest and Penalties for Micro and Small

Reduced Civil Penalties

Reduced Interest

Reduced Penalty for Failure to File  
Certain Information Returns

Reduced Compromise Penalty

## Reduced Interest and Penalties for Micro and Small

Reduced Civil Penalties

Reduction to **10%** (from 25%) in the following cases:

- ☑ Failure to file any return and pay the tax;
- ☑ Failure to pay deficiency tax within the prescribed time; or
- ☑ Failure to pay the tax shown on any return or the amount of tax for which no return is required to be filed.

**NOTE:** Civil penalty of 50% for willful neglect to file a return or false/fraudulent filing of return is not reduced by reason of the taxpayer classification

Reduced Penalty for Failure to File  
Certain Information Returns

## Reduced Interest and Penalties for Micro and Small

Reduced Civil Penalties

**Prior to EOPT:**

Penalty of P1,000.00 for each failure but the aggregate amount for the calendar year shall not exceed P25,000.00.

**After EOPT:**

Penalty of P500.00 for each failure but the aggregate amount for the calendar year shall not exceed P12,500.00.

Reduced Penalty for Failure to File  
Certain Information Returns



## Reduced Interest and Penalties for Micro and Small

**Prior to EOPT:**

Legal interest is 12% per annum.

**After EOPT:**

Reduction of 50% of the legal interest

- ✓ Legal interest rate of 12%
- ✓ Reduced interest rate of 6%

Reduced Interest

Reduced Compromise Penalty



## Reduced Interest and Penalties for Micro and Small

### Prior to EOPT:

Compromise penalties enumerated in Annex A of RMO No. 7-2015

### After EOPT:

Reduction of **50% of the rates/amounts** in Annex A of RMO No. 7-2015 and subsequent amendments

- ☑ Shall be in lieu of criminal prosecution
- ☑ Does not cover fraudulent acts
- ☑ Compromise rates/amounts may be different than that provided

Reduced Interest

Reduced Compromise Penalty

Reduced Interest and Penalties for Micro and Small

Reduced Civil Penalties

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Locally rooted – Globally connected