

START THE TAX YEAR RIGHT!

Regulatory Compliance on Tax Incentive Availment

14 March 2023

Areas to focus on...

1 Reportorial and procedural requirements for enjoyment of income tax incentives

2 Reportorial and procedural requirements for enjoyment of value-added tax incentives

3 Requirements for renewable energy companies

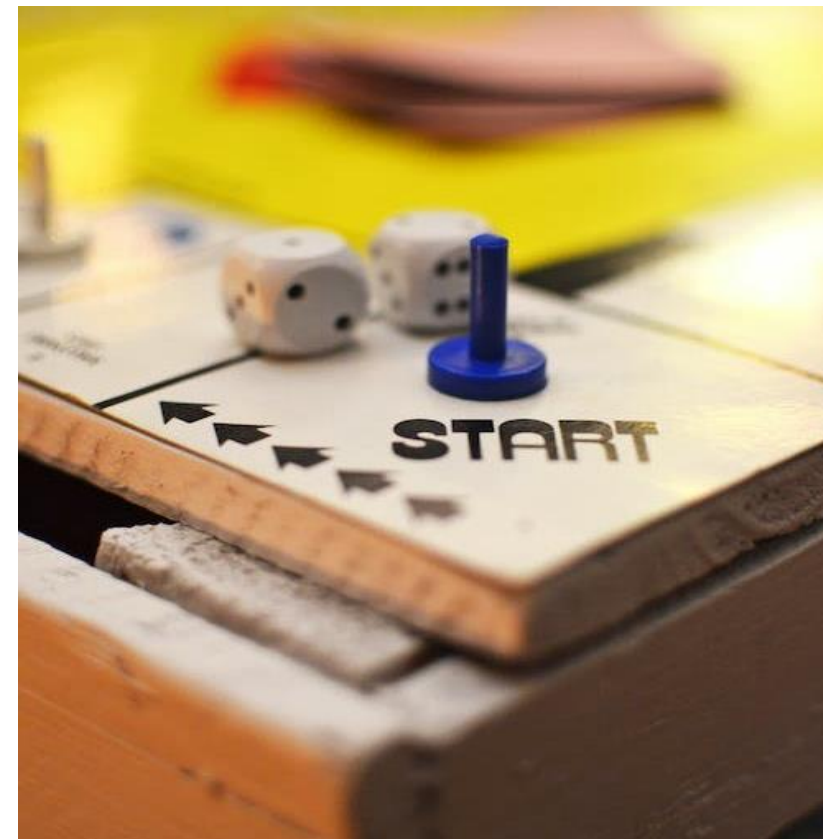
4 Paper transfer of registration

1 Reportorial and procedural requirements for enjoyment of income tax incentives

Everything starts with an **APPLICATION**.

Registered Business Entities (RBE) with proposed projects/activities included in the Strategic Investment Priority Plan are required to secure:

C E T I

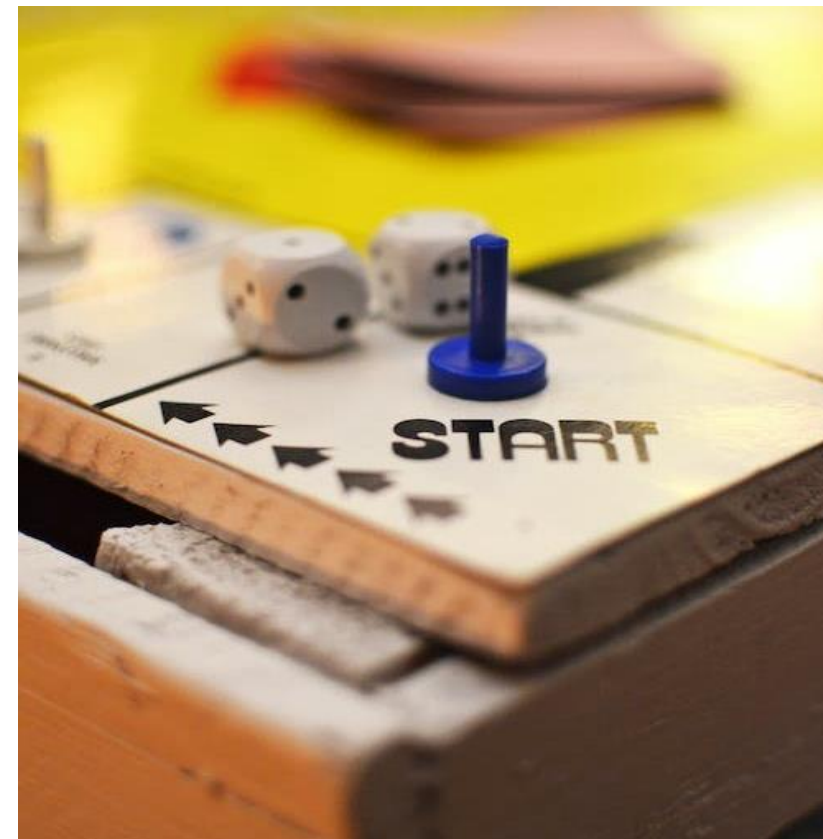


1 Reportorial and procedural requirements for enjoyment of income tax incentives

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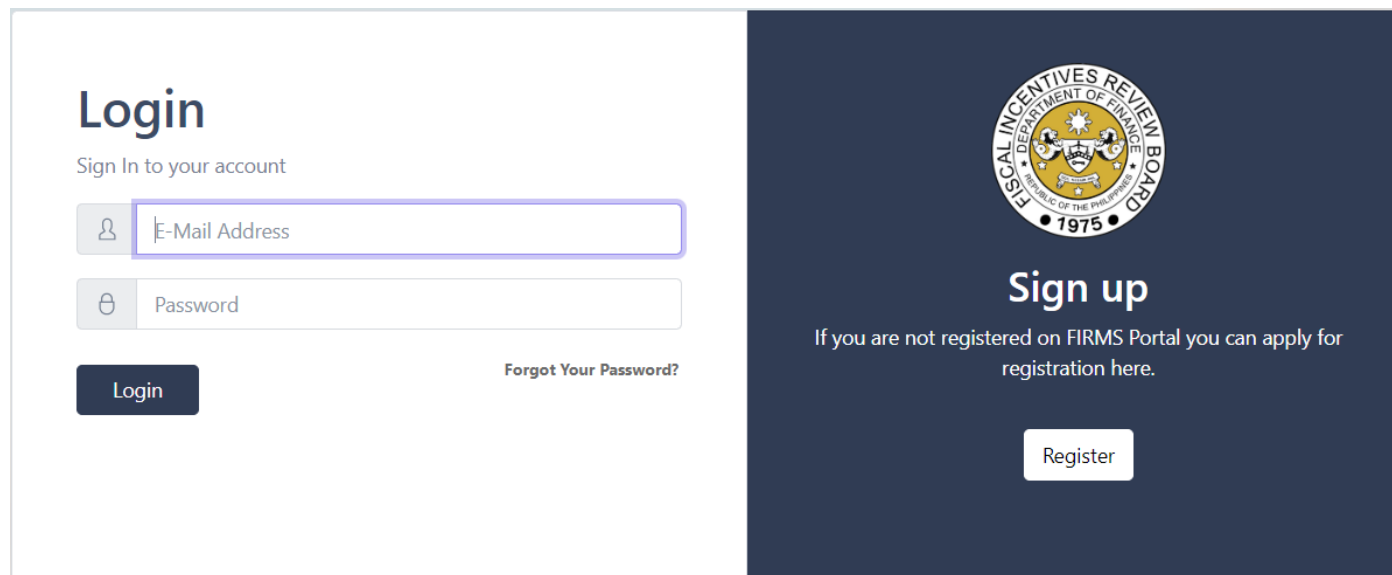
Registered Business Entities (RBE) with proposed projects/activities included in the Strategic Investment Priority Plan are required to secure:

Certificate of
Entitlement to
Tax
Incentives



1 Reportorial and procedural requirements for enjoyment of income tax incentives

In order to apply for a CETI, entities must register and use the **Fiscal Incentives Registration and Monitoring System (FIRMS)**.



The image shows two panels from the FIRMS portal. The left panel is titled "Login" and contains the text "Sign In to your account". It features two input fields: "E-Mail Address" and "Password". Below the fields is a dark blue "Login" button and a link for "Forgot Your Password?". The right panel is dark blue and features the seal of the Fiscal Incentives Review Board (Department of Finance, Republic of the Philippines, 1975). It is titled "Sign up" and contains the text "If you are not registered on FIRMS Portal you can apply for registration here." and a white "Register" button.

Once registered, the entities must provide the required information and documents through FIRMS. Upon approval, FIRMS will make the CETI available for downloading or printing.

1 Reportorial and procedural requirements for enjoyment of income tax incentives

What to do with a validly-issued CETI?

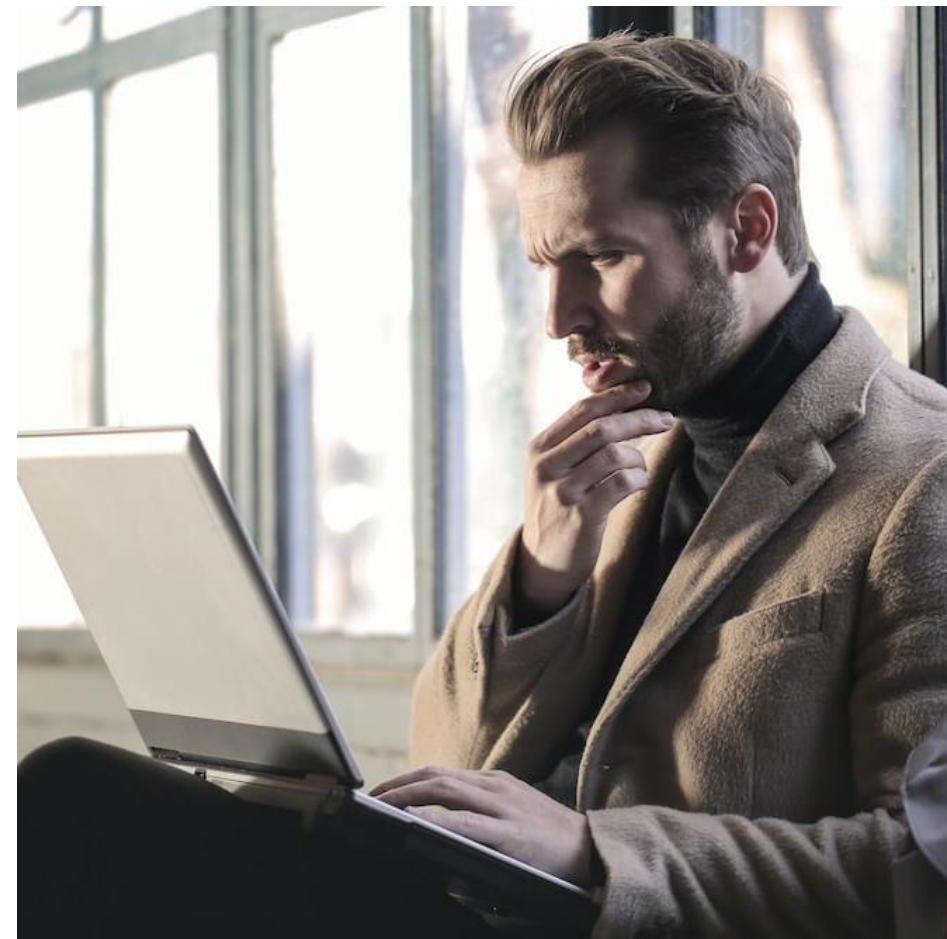
- › The CETI issued by the IPA, in a prescribed form, shall be **attached to the Income Tax Return** filed with the BIR.

1 Reportorial and procedural requirements for enjoyment of income tax incentives

After complying with CETI, is there anything else that RBEs must comply with?

YES!

According to TIMTA (Tax Incentives Management and Transparency Act), RBEs availing of incentives shall file with the IPA an **ANNUAL TAX INCENTIVES REPORT (ATIR)**. RBEs are also being required to submit an **ANNUAL BENEFITS REPORT (ABR)**. Both reports must be submitted/filed within 30 days from the statutory deadline for filing the Annual ITR.



1 Reportorial and procedural requirements for enjoyment of income tax incentives

Submission of CETI

Attached to the AITR which is filed on or before:

- For CY – April 15
- For FY – 15th day of the 4th month following the close of the FY

Submission of ATIR and ABR

Submitted to the IPA within 30 days from the statutory deadline to file the AITR

However, for TY 2022, deadline is on May 17, 2023 regardless of whether the RBE follows CY or FY

1 Reportorial and procedural requirements for enjoyment of income tax incentives

Are there other matters which RBEs must keep in mind to ensure continued enjoyment of the incentives?

- When agreed performance commitments are not met, the RBE shall provide a justification to the IPA;
- Compliance with the e-receipting/e-invoicing requirements;
- Installation of adequate accounting system or establishing separate corporations for each registered project/activity should the IPA require.



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Reportorial and procedural requirements for enjoyment of value-added tax incentives

**VAT Zero-Rating
Requirements under
CREATE**

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Reportorial and procedural requirements for enjoyment of value-added tax incentives

**VAT Zero-Rating
Requirements for
Registered Export Enterprises**

**VAT Zero-Rating
Requirements for
Local Suppliers of
Registered Export Enterprises**

**VAT Zero-Rating
Requirements for
Registered Export Enterprises**

Each IPA may have its own set of requirements for the issuance of VAT Zero-Rating Certifications to REEs

IPAs shall issue annual VAT Zero-Rating Certifications to registered export enterprises (REE) which must contain the following:

- ✓ > Registered export activity
- ✓ > Tax incentives entitlement under agreed terms and conditions with the validity period
- ✓ > Applicable goods and services

Local suppliers to REEs must apply for a VAT Zero-Rating Certificate with the BIR with the following requirements:

 > Certificate of Registration of the REE

 > VAT Zero-Rating Certification of the REE issued by the IPA

 > Sworn affidavit of the REE relating to the direct and exclusive use of the goods/services bought

 > Other corroborating documents

**VAT Zero-Rating
Requirements for
Local Suppliers of
Registered Export Enterprises**

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Requirements for renewable energy companies

**DOE
Registrations/Accreditations**

- DOE Certificate of Registration
- DOE Certificate of Accreditation

**DOE
Certificate of Endorsement**

- For RE Developers
- For manufacturers, fabricators, and suppliers of locally-produced RE equip't

BOI Registration

**Certificate of ITH Entitlement
issued by the BOI
(now known as CETI)**



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Requirements for renewable energy companies

Income Tax Holiday

- › RE Developers are entitled from the start of commercial operations

10% Corporate Tax Rate

- › DOE Certificate of Endorsement
- › Valid and subsisting RE service/operating contract
- › Certificate of Registration
- › Sworn Undertaking
- › Proof of submission of reports to the DOE and ERC

VAT Zero-Rating

- › BOI Registration
- › DOE Registration



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Paper transfer of registration

WFH during Covid

- 90% WFH until 12/31/21
- 75% WFH until 03/22

70/30 Arrangement

- 30% WFH
- 70% On-site
- No adverse effect on incentive availment

Extension of Deadline to Transfer Registration

Transfer of registration of IT-BPM RBEs from IPAs to BOI extended until 01/31/2023

PEZA MC No. 2022-018

Qualified registered activities/projects must be conducted within the economic zones to avail the incentives

IPA to BOI Transfer

- IT-BPM RBEs may:
- Transfer registrations from IPAs to BOI until 12/31/22
 - Adopt 100% WFH arrangement without losing incentives

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Locally rooted – Globally connected