

ADVISORY ON ISSUANCE OF RECEIPTS AND/OR INVOICES

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BIR REVENUE REGULATIONS NO. 12-2023 Implementing Section 237 of the National Internal Revenue Code of 1997, as amended, on the issuance of receipts or sales or commercial invoices by agricultural producers	5

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**Issuance of Receipts or Sales or Commercial Invoices
by Agricultural Producers**

Issuance of Receipts/Invoices; Exception

GENERAL RULE	
All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or for services rendered valued at P100.00 or more, issue duly registered receipts or sales or commercial invoices.	
EXCEPTIONS	
On sale of agricultural products	On sales of goods or services <u>other than</u> agricultural food products
Agricultural Producers are exempted provided that: <ul style="list-style-type: none"> ➤ gross sales/receipts for the year shall not exceed P1,000,000.00; and ➤ it is required record each sale transaction in a simplified sales book containing the following: <ol style="list-style-type: none"> i. Date of transaction; ii. Description of goods sold or services rendered; iii. Registered name, registered address, and TIN of the purchaser, if engaged in business; iv. Amount of sales; v. Amount of tax withheld, if any; and vi. Net amount received. 	Agricultural Producers are exempted provided that: <ul style="list-style-type: none"> ➤ annual gross sales/receipts for the year shall not exceed P1,000,000.00; ➤ primary activity of the Agricultural Producer shall be the sale or Agricultural Food Products; and ➤ amount of sales from other goods or services shall not exceed 30% of the aggregate sales or receipts for a given taxable year.

If the annual gross sales/receipts exceed P1,000,000.00, official receipts/sales invoices shall be issued for every subsequent transaction valued at P100.00 or more.

Use of BIR-printed Receipts/Invoices – The Agricultural Producer, for the first year of business operations or one year from registration, shall be allowed to purchase and use BIR-printed receipts or BIR-printed invoices from the RDO where they will register. The Agricultural Producer shall thereafter be required to issue official receipts/sales invoices printed pursuant to an ATP.

Substituted Receipts/Invoices

The buyer/purchaser who is engaged in trade or business shall issue to the Agricultural Producer, for each purchase transaction, 2 copies of either:

Certificate of Income Payment Not Subject to Withholding Tax (BIR Form 2304)	On sales of goods or services <u>other than</u> agricultural food products
used for income payments <u>not exceeding</u> the cumulative amount of P300,000.00 within the same taxable year which is not subject to withholding tax	used for income payments <u>exceeding</u> the cumulative amount of P300,000.00 within the same taxable year which shall be subject to 1% withholding tax
<p>The BIR Form 2304 or 2307 shall:</p> <ol style="list-style-type: none"> 1. Indicate the transaction date, registered name, address, and TIN of the buyer and seller; 2. Be constituted and treated as the substituted official receipt/sales invoice. 3. Serve as evidence of purchases made to substantiate claims for deductible expenses of the buyer or purchaser engaged in trade or business. 	

Registration and Bookkeeping Requirements

1. Agricultural Producers shall register once with the BIR.
2. Simplified Sales Book shall likewise be registered. A simple logbook or notebook can be used as a Simplified Sales Book.
3. Simplified Sales Books shall be kept preserved for a period of 10 years (hardcopies for the first 5 years and electronic copy thereafter) from:
 - a. the day following the deadline to file the return; or
 - b. if the return is filed after the deadline, the date of the filing of the return.

Filing and Payment

Tax Returns	Responsible Filer
Quarterly and Annual Income Tax Return	Agricultural Producers
Quarterly Remittance Return of Creditable Income Taxes Withheld (Expanded) [BIR Form 1601-EQ] together with the Quarterly Alphabetical List of Payees	Buyers or purchasers engaged in trade or business

Definition of Terms

Agricultural Producers – individuals who are suppliers/producers/sellers, contract growers, and millers of agricultural food products whose annual gross sales/receipts, for tax purposes, do not exceed P1,000,000.00.

Agricultural Food Products – products that are in their original state which are generally used for yielding or producing food for human consumption:

- i. **Farm Produce** – shall include, but not limited to, corn, coconut, copra, palay, cassava, coffee, polished and/or husked rice corn grits, locally-produced raw cane sugar, fruits, vegetables, and other spontaneous products of the soil which are destined for human consumption produced through planting, cultivating, harvesting, and other similar processes thereto;
- ii. **Livestock** – shall include cow, bull and calf, pig, sheep, goat, and other animals similar thereto;
- iii. **Poultry** – shall include fowl, duck, goose, turkey, and other animals similar thereto;
- iv. **Marine Product** – shall include fish and crustacean such as, but not limited to, eel, trout, lobster, shrimp, prawn, oyster, mussel and clam, shell, and other aquatic products;
- v. **Ordinary Salt** – shall refer to the common salt, without iodine or any similar additive, used for simple preparation or preservation;
- vi. **Agricultural Inputs** – shall refer to fertilizers, seed, seedlings, fingerlings, fish prawn, livestock, and poultry feeds except specialty feeds, to be used directly in yielding or producing Agricultural Food Products;

The Agricultural Food Products shall still be covered by the RR even if they have undergone the simple processes of preservation for market, such as freezing, drying, salting, broiling, roasting, smoking, or stripping, including those using advanced technological means of packaging, such as shrink wrapping in plastics, vacuum packing, tetra-pack, and other similar packaging method.

Principal Receipts/Invoices – a written account evidencing the sale of goods and/or services issued to customers in an ordinary course of business which necessarily includes the following:

- i. **Non-VAT Official Receipt** – a written admission or acknowledgment, issued by a Non-VAT registered seller, of the fact that money has been paid and received for the payment or settlement between persons rendering services and its customers.
- ii. **Non-VAT Sales Invoice** – a written account evidencing the sale of goods and/or properties issued by a Non-VAT registered seller to its customers in the ordinary course of business, whether cash sales or on account (credit).

Supplementary Receipt/Invoice (also known as **Commercial Invoices**) – a written account evidencing that a transaction has been made between the seller and the buyer of goods and/or services, forming part of the books of accounts of a business taxpayer for recording, monitoring and control purposes.

It is a document evidencing delivery, agreement to sell or transfer goods and services which includes, but are not limited to:

1. Delivery receipts
2. Order slips
3. Debit and/or credit memo
4. Purchase order
5. Job order
6. Provisional temporary receipt
7. Acknowledgement receipt
8. Collection receipt
9. Cash receipt
10. Bill of lading
11. Billing statement
12. Statement of account
13. Any other document, by whatever name, whether prepared manually or pre-printed/pre-numbered loose-leaf or computerized, as long as it is used in the ordinary course of business being issued to customers or otherwise

Substituted receipts/invoices – a written account or proof evidencing the sale of goods or services on the part of the sellers or purchases of goods and services on the part of the buyer in the ordinary course of business in lieu of a principal receipt.

Source:

BIR Revenue Regulations No. 12-2023