

ADVISORY ON AMENDMENTS INTRODUCED BY THE EASE OF PAYING TAXES ACT

PAGE NOS.

BIR REVENUE REGULATIONS NO. 3-2024 Amendments Introduced on VAT and Percentage Tax Provisions	4
--	----------

20/F Chatham House
Valero cor. Rufino Sts.



Salcedo Village
Makati 1227



www.bdblawn.com.ph
info@bdblawn.com.ph



T: (632) 8403-2001



Copyright © 2024 by Du-Baladad and Associates (BDB Law). All rights reserved. No part of this issue covered by this copyright may be produced and/or used in any form or by any means – graphic, electronic and mechanical without the written permission of the publisher.

MEMBER FIRM OF

wts global

AMENDMENTS INTRODUCED BY THE EOPT ACT
ON VAT AND PERCENTAGE TAX

I. Uniform Application

The following shall be uniformly applied:

Gross Sales. It shall be used to refer to gross selling price, gross value in money, and gross receipts regardless of whether the sale is for goods or for services.

Invoice. It shall be used to refer to sales/commercial invoices or official receipts.

Filing. Filing of tax return shall be done:

- Electronically in any of the available electronic platforms; or
- Manually, in case of unavailability of the electronic platforms.

Payment. Tax payment shall be made either:

- Electronically in any of the available electronic platforms; or
- Manually to any AABs and RCOs.

II. Sale of Goods

- Transitory Provision.** No output tax credit shall be allowed for outstanding receivables from sale of goods on account prior to the effectivity of the regulation.

III. Sale of Services and Use or Lease of Properties

- The definition of **gross sales** excludes amounts:
 - Earmarked for payment to 3rd party; or
 - Received as reimbursement for payment on behalf of another which do not redound to the benefit of the seller.
- Invoices for long-term contracts (with a period of one year or more) shall be issued on the month in which the service, or use or lease of property was rendered/supplied.

- ☑ Deductions from gross sales are as follows:
 - Refunds/credit memorandum for refund was made or issued during the quarter;
 - Sales discount granted and indicated in the invoice at the time of sale and which is not dependent upon the happening of a future event
- ☑ **Transitory Provision.** For outstanding receivables on services on account rendered prior to the effectivity of the regulation, the output VAT shall be declared once collected.

IV. *VAT-Exempt Transactions*

- ☑ VAT-exempt threshold shall be adjusted to its present value using the Consumer Price Index as published by the Philippine Statistics Authority every 3 years.

V. *Tax Credits*

- ☑ Output VAT pertaining to **uncollected receivables**¹ may be deducted on the next quarter provided the following requisites are present:
 - Sale or exchange has taken place after the effectivity of the regulation;
 - Sale is on credit or on account;
 - There is a written agreement on the period to pay the receivable;
 - VAT is separately shown on the invoice;
 - Sale is specifically reported in the SLS and not reported as "various" sales;
 - The corresponding output VAT was declared in the tax return within the period prescribed;
 - The period agreed upon, whether extended or not, has elapsed; and
 - The VAT component of the uncollected receivable was not claimed as a deduction from gross income.
- ☑ In case of recovery of uncollected receivables, the output VAT shall be added to the output VAT of the taxpayer during the period of recovery.

¹ Sales of goods and/or services on account that transpired upon the effectivity of the regulations which remain uncollected by the buyer despite the lapse of the agreed period to pay.

VI. Claims for Refund/Tax Credit Certificate of Input Tax

- ☑ The "date of cancellation," for purposes of determining the reckoning of the 2-year period to apply for a claim for refund/issuance of TCC, shall refer to the date of the issuance of the BIR Tax Clearance.
- ☑ Claims for tax credits/refunds shall be filed with the appropriate BIR Office that will be designated by the Commissioner of Internal Revenue.
- ☑ The 90-day period to process the refund shall be from the date of submission of the invoices and other documents in support of the application. The said period shall also cover up to the release of the payment of the VAT refund.
- ☑ If the refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial. Also, the following remedies are likewise available:

Action/Inaction	Remedy
Full or partial denial	Appeal with the CTA within 30 days from receipt of the decision
Inaction	Appeal with the CTA within 30 days from the expiration of the 90-day period to process the claim
	Forego the judicial remedy and await the decision

- ☑ The VAT refund claim may still continue to be processed administratively despite the lapse of the 90-day period.
- ☑ Based on the amount, tax compliance history, frequency of filing, among others, VAT refund claims shall be classified into:
 - Low-risk
 - Medium-risk – Subject to audit or other verification processes
 - High-risk – Subject to audit or other verification processes

☑ Refunds shall be subject to post audit by COA. In case of disallowance by COA:

- Only the taxpayer shall be liable for the disallowed amount;
- BIR employee who may be found to be grossly negligent in the grant of the refund may become administratively liable.

Source:

BIR Revenue Regulation No. 4-2024

Copyright © Du-Baladad and Associates