

## A PRIMER ON EASE OF PAYING TAXES

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REPUBLIC ACT NO. 11976 Ease of Paying Taxes Act	3

20/F Chatham House  
Valero cor. Rufino Sts.



Salcedo Village  
Makati 1227



[www.bdblawn.com.ph](http://www.bdblawn.com.ph)  
[info@bdblawn.com.ph](mailto:info@bdblawn.com.ph)



T: (632) 8403-2001



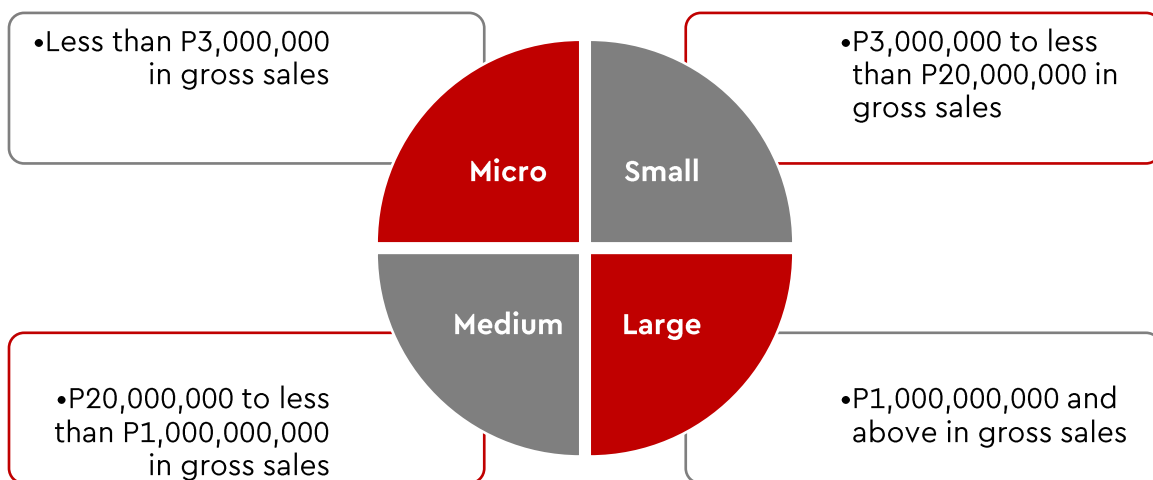
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**Salient Administrative Tax Reforms  
to the National Internal Revenue Code, As Amended**

**A. CLASSIFICATION OF TAXPAYERS**



Special concessions for **micro** and **small** taxpayers:

- ✓ 2 page maximum for ITRs
- ✓ Reduction of:
  - Rate of civil penalties (Section 248) to 10%
  - Interest rate (Section 249) by 50%
  - Penalty for failure to file information returns to P500
  - Compromise penalty rate of at least 50% for violations in: (i) invoicing requirements (Section 113); (ii) issuance of invoices (Section 237); and (iii) e-sales reporting system (Section 237-A).

**B. REGISTRATIONS**



Cancellation of registration is effected by mere filing, may be done either electronically or manually, but does not preclude the conduct of an audit



Update of transfer of registration is effected by mere filing, which may be done either electronically or manually, but any pending audit shall be continued by the same RDO



Removal of the requirement of the annual registration fee

## C. FILINGS AND PAYMENTS



May be done either electronically or manually



May be done through any:

- Authorized Agent Bank;
- RDO through the Revenue Collection Officer; and
- Authorized Software Provider

## D. INVOICING



Sales/commercial invoices shall be the sole proof of purchase of goods/services or lease of properties



Issuer shall be liable for non-compliance with invoicing requirements; Purchaser shall still be entitled to the input tax provided that certain information are still present

## E. WITHHOLDING TAXES



Obligation to withhold arises at the time the income has become payable



Taxes withheld shall be maintained in a separate account and not commingled with any other funds of the withholding agent



Withholding of taxes is no longer a requirement for deductibility of certain expenses

## F. PERCENTAGE TAX



Basis of the imposition is now gross sales

## G. VALUE-ADDED TAX



Output VAT on both sales of goods and sales of services or lease of properties is now based on gross sales



Actual payment of purchase of services is no longer required to recognize input tax; Mere accrual is sufficient

## H. REFUND OF TAXES – EXCESS INPUT TAX



Classification of VAT refund claims into low-, medium-, and high-risk claims with medium- and high-risk claims being subject to audit/verification processes



Failure to act on the application within the 90-day period is deemed a denial and the taxpayer may appeal to the Court of Tax Appeals



Disallowance by the Commission on Audit shall make the taxpayer liable for the disallowed amount without prejudice to any administrative liability on the BIR employee for gross negligence

## I. REFUND OF TAXES – ERRONEOUSLY AND ILLEGALLY COLLECTED



Claims for refund shall be decided within 180 days from the date of submission of complete documents



Failure to process and decide within the 180-day period shall be punishable under Section 269



No suit or proceeding shall be filed unless there is a full or partial denial or failure to act within the 180-day period. The taxpayer may appeal within 30 days from receipt of the decision or lapse of the 180-day period.

Source:  
Republic Act No. 11976