

MCC TAX AND OTHER RELEVANT UPDATES

April 2025



MORFE, CENETA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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IMPORTANT UPDATES:

A. REVENUE REGULATIONS		
ISSUANCE	DATE ISSUED	SUMMARY
RR 14-2025	April 2, 2025	<p>Amends the transitory provisions of RR No. 3-2025 implementing the VAT on Digital Services Act. Non-Resident Digital Service Providers (NDSPs) must register or update their information through the VDS Portal or ORUS within 120 days from the effective date (i.e., by June 1, 2025).</p> <p>Starting June 2, 2025, NDSPs will be subject to 12% VAT on their transactions in the Philippines.</p>
RR 15-2025	April 29, 2025	<p>Establishes the tax treatment of private retirement benefit plans. For a retirement benefit to be exempt from tax, the following conditions must be met:</p> <ol style="list-style-type: none">1. The retirement plan must be reasonable, as determined by the BIR;2. The employee must have served the same employer for at least 10 years and be at least 50 years old at retirement;3. The employee must not have previously availed of similar retirement tax exemptions. <p>In addition, the retirement plan must be registered with the BIR, and a Certificate of Qualification to Tax Exemption must be secured. The BIR will evaluate whether the plan qualifies as a "reasonable private retirement benefit plan," meaning it must be exclusively for the benefit of employees and cannot be used for other purposes.</p>
B. REVENUE MEMORANDUM CIRCULAR		
RMC No. 34-2025	April 8, 2025	Prescribes the procedures for the filing and payment of tax returns for taxpayers with a calendar year ending December 31, 2024 .
RMC No. 37-2025	April 10, 2025	Provides detailed guidelines for processing VAT refund claims under Sections 112(A) and

		<p>(B) of the NIRC. This circular applies to claims not covered by a writ of execution from the Court of Tax Appeals or other courts.</p> <p>It outlines documentary requirements and procedural steps for claiming refunds, with emphasis on submitting complete and accurate supporting documents. The objective is to streamline the process and improve efficiency and transparency in the VAT refund system.</p>
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[Discussion on the next page]

DISCUSSION OF UPDATES

A. REVENUE REGULATIONS

REVENUE REGULATIONS 14-2015

The Bureau of Internal Revenue (BIR) has issued **Revenue Regulations No. 14-2025**, which amends **Section 14 (Transitory Provision)** of **Revenue Regulations No. 3-2025**, implementing the provisions of the **VAT on Digital Services Act**.

Under this issuance, all **Non-Resident Digital Service Providers (NRDSPs)** required to register with the BIR must do so **within 120 days from the effectivity of the regulations**, or **on or before June 1, 2025**, through either the **Online Registration and Update System (ORUS)** or the **VAT on Digital Services (VDS) Portal**.

Effective **June 2, 2025**, all NRDSPs will be **subject to 12% Value-Added Tax (VAT)** on their taxable transactions in the Philippines.

The **Commissioner of Internal Revenue** is authorized to **extend the transition period deadline** if deemed necessary.

To know more about this issuance you may refer to the following link: [RR NO. 14-2025.pdf](#)

REVENUE REGULATIONS 15-2025

The Bureau of Internal Revenue has issued Revenue Regulations 15-2025 implementing the Revised Private Benefit Plan Regulations. The following are the pertinent provisions of the said regulations:

Q1: What constitutes a retirement plan under this revenue issuance?

A1:

- a) **"Pension Plan"** is a retirement plan established and maintained by an employer primarily to provide systematically for the payment of definitely determinable benefits to its employees over a period of years, usually for life, after retirement
- b) **"Profit-Sharing Plan"** is a plan established and maintained by an employer to provide for the participation in the profits by employees or their beneficiaries.
- c) **"Provident fund"** is an investment fund that is voluntarily established by employer and employees to serve as long term savings to support an employee's retirement.
- d) **"Stock Bonus Plan"** is a plan established and maintained by an employer to provide benefits similar to those of a profit-sharing plan, except that the contributions by the employer are not necessarily dependent upon the profits and the benefits are distributable in stock of the employer company.
- e) **"Gratuity Plan"** is a plan established and maintained by an employer to provide for the payment of definitely determined benefits to employees after retirement. This plan is similar to a pension plan, except that the

benefits are not payable during a certain period or life of the retiree but totally and immediately after retirement.

Q2: What is the coverage of this Regulation?

A2: It covers the taxability of retirement benefits received by employees under a reasonable private retirement benefit plan?

Q3: What does it mean by the phrase “reasonable private retirement benefit plan”

A3: As a requirement for the registration of benefit plan with the BIR, the phrase “reasonable private retirement benefit plan” means a plan maintained by an employer for the benefit of some or all of its officials or employees, wherein contributions are made by such employer for the officials, or employees, or both, for the purpose of distributing to such officials and employees the earnings and principal of the fund thus accumulated, and wherein it is provided in said plan that at no time shall any part of the corpus or income of the fund be used for, or diverted to, any purpose other than for the exclusive benefit of the said officials and employees.

Requisites of a reasonable retirement benefit plan is provided under Section 5 of the issuance, as follows:

- a. Written Program
- b. Permanency
- c. Coverage
- d. Contribution
- e. Impossibility of Diversion
- f. Non-discriminatory
- g. Non-forfeitures
- h. Forfeitures

Q4: Is there a necessity to register a private retirement plan with the BIR?

A4: **YES.** For the purpose of tax exemption.

Q5: What are the tax incentives and privileges from registering a private retirement plan with the BIR?

A5:

- a. Exemption from Income Tax and Withholding Tax of the retirement benefit
- b. Exemption from Income Tax and Withholding Tax of the trust income from various investments made by the trustees of an employee's trust.
- c. Tax deductibility of certain contributions made by the employer from its gross income such as contributions to the trust during the taxable year among others.

Q6: What are the requirements in order to avail of the benefits as mentioned in the immediately preceding question?

A6:

- a. The retirement plan must be reasonable as determined by the Commissioner or his authorized representatives

- b. The retiring official or employee must have been in the service of the same employer for at least ten (10) years and is not less than fifty (50) years of age at the time of retirement; and
- c. The retiring official or employee shall not have previously availed of the privilege under a retirement benefit plan of the same or another employer.

Q7: Where to apply for application for a Certificate of Qualification for Tax Exemption?

A7: Bureau of Internal Revenue through Legal and Legislative Division at the National Office.

Q8: When to apply for a Certificate of Qualification for Tax Exemption?

A8: Within thirty (30) days from the date of effectivity of the retirement benefit plan.

Q9: What is the effect of failure to file an application within the prescribed period?

A9: Penalty pursuant to existing rules and regulations shall be imposed.

Q10: What are the requirements to be submitted when filing an application for Certificate of Qualification for Tax Exemption?

A10: Depending on the type of retirement plan, the BIR shall require different set of documentary requirements. You may check on the complete list of documentary requirements as provided under Section 6 of Revenue Regulations 15-2025

Q11: Are we allowed to introduce amendments while the retirement plan is in operation? If yes, do we need to submit such amendments with the BIR?

A11: **YES.** Amendments in the retirement plan may be introduced during its effectivity. However, the amendment is required to be submitted to the BIR for the issuance of a certification to the effect that such amendments do not affect the qualification of the retirement plan.

Q12: Are we required to file an annual return for the private retirement benefit plan?

A12: **YES.** An annual information shall be filed on or before April 15 of each year with the Revenue District Office having jurisdiction over the employer together with the copy of the issued Certificate of Qualification.

To know more about this issuance you may refer to the following link: [RR No. 15-2025.pdf](#)

B. REVENUE MEMORANDUM CIRCULAR

REVENUE MEMORANDUM CIRCULAR 034-2025

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 34-2025 prescribing the guidelines for the filing of the Annual Income Tax Returns and Payment of Taxes Due Thereon for Calendar Year 2024.

Q1: Can I file the returns manually?

A1: Pursuant to existing regulations and under Revenue Memorandum Circular 34-2025, manual filing is not allowed **EXCEPT**:

- a. Individual business taxpayers classified as micro and small
- b. When there is unavailability of the systems
- c. When there is justifiable reason as may be determined by the Commissioner of Internal Revenue or his authorized representatives.

Q2: As a general rule, returns should be filed electronically EXCEPT as earlier mentioned in Q1, what it exactly means by the word “electronically”? Does it include EBIRForms?

A2: **YES**, returns should be filed electronically. Electronically means that it should be filed (including those returns without payment) in any of the following:

- a. Electronic Filing and Payment System
- b. EBIRForms
- c. Tax Service Providers

PART I: FILING OF TAX RETURNS*A. Electronic Filing and Payment System (EFPS) Filers/Users***Q3: Are we allowed to manually file automatically in case of system unavailability of the EFPS?**

A3: Per existing policies of the BIR, all returns should be filed electronically. Thus, in case of system unavailability or when enrollment in BIR-EFPS and EFPS-AAB is still in process, unavailability of EFPS-AAB system covered by an advisory released/published by the AAB, the EFPS users should file using EBIRForms.

Q4: What are the available tax forms in the EFPS?

A4: BIR Form Nos. 1700, 1701A, 1701, 1702RT, 1702-EX, and 1702-MX

*B. EBIRForms Filers/Users***Q5: Who are required to use the EBIRForms?**

A5: All Non-EFPS taxpayers not otherwise exempt from filing electronically, shall file their AITR through the EBIRForms Offline Package v7.9.4.2.

Q6: What are the forms available in the EBIRForms

A6:

BIR Form No.	Latest Version to be Used in eBIRForms
1700	BIR Form No. 1700v2018
1701	BIR Form No. 1701v2018
1701A	BIR Form no. 1701A
1702-RT	BIR Form No. 1702RTv2018C
1702-EX	BIR Form No. 1702EXv2018C
1702-MX	BIR Form No. 1702MXv2018C

*C. Tax Software Providers***Q7: Can we file electronically the AITR through the Tax Software Providers?**

A7: **YES**.

D. BIR e-Lounge Facility

Q8: Who can use the BIR eLounge Facility?

A8: The following can use the eLounge Facility:

- a. Senior Citizen or Person with Disabilities filing their own tax returns;
- b. Employees deriving purely compensation income from two or more employers, concurrently or successively at any time during the taxable year, or from a single employer, although the income of which has been correctly subjected to withholding tax, but whose spouse is not entitled to substituted filing; and
- c. Employees qualified for substituted filing under Sec. 2.83.4 of Revenue Regions No. 2-98, as amended, but opted to file an ITR and are filing for purposes of promotion, loans, scholarships, foreign travel requirements, etc.; and
- d. Taxpayers without internet facility who needs assistance in the electronic filing of their tax returns.

Q9: I am already within the premises of the BIR but I am not yet being served by the eLounge personnel, will I still be accommodated even after 5PM?

A9: **YES.** All taxpayers shall be accommodated if they are within the premises of the RDO on or before 5:00PM, regardless of jurisdiction, in filling out their 2024 AITR.

PART II – PAYMENT*A. Manual Payment***Q10: Where should we settle our tax liabilities?**

A10: Through any Authorized Agent Banks (AABs)

Q11: What if there is no AABs in our place?

A11: It shall be paid with the Revenue Collection Officer in any Revenue District Office (RDO). The RCO is authorized to collect taxes in cash for an amount not exceeding Php20,000.00 and for check payment regardless of the amount.

Q12: I am paying through a check, what is the payee name to be indicated therein?

A12: Check should be payable to “Bureau of Internal Revenue”

*B. Online Payment through Electronic Payment (ePay) Gateways***Q13: What are the payment gateways**

A13: The following are the payment gateways

- Landbank of the Philippines (LBP) Link.BizPortal - for taxpayers who have ATM account with LBP and/or holders of BancNet ATM/Debit/Prepaid card or taxpayer utilizing PESONet facility for depositors of Rizal Commercial Banking Corporation (RCBC), Robinsons Bank, Union Bank, Bank of the Philippine Islands (BPI), Philippine Savings Bank (PSBank) and Asia United Bank (AUB); or
- Development Bank of the Philippine (DBP) PayTax Online - for taxpayers-holders of VISA/ MasterCard Credit Card and/or BancNet ATM/ Debit Card;

- Union Bank of the Philippines (UBP) Online/The Portal Payment Facilities - for taxpayers who have an account with UBP or InstaPay using UPAY Facility (for individual Non-Account holder of Union Bank); or
- Tax Software Provider (TSP) - Maya (Mobile Application) or MyEG [using credit cards or electronic wallets (e-wallets) such as Cash, Maya, GrabPay or ShopeePay].

Q14: Do I still need to file returns after I pay through the ePayment as mentioned previously?

A14: **YES.** Returns must be filed even you have already settled the tax liability through ePayment or Gateway Facilities mentioned earlier. It shall be filed through eBIRForms

Q15: Where to pay for EFPS users?

A15: EFPS users shall file and pay the returns through their AABs where they are currently enrolled.

PART III – FILING OF BIR FORM NO. 1701-MS

Q16: What is the form to be used by Micro and Small Individual Taxpayers in filing their AITR?

A16: 1701-MS. This should be filed manually as the same is not yet available electronically. Although, individual micro and small individual taxpayers may opt to use 1701 and 1701A available in the EBIRForms and EFPS.

PART IV – ATTACHMENTS

Q17: What are the attachments with the AITR?

A17: The following are the required attachments (as applicable) to the Annual Income Tax Returns:

- a. Filing Reference Number (FRN) as proof of Filing in eFPS;
- b. Tax Return Receipt Confirmation as proof of Filing in eBIRForms;
- c. Proof of Payment/Acknowledgement Receipt of Payment;
- d. Certificate of Independent CPA duly accredited by the BIR; • Unaudited or Audited Financial Statements (AFS);
- e. Notes to AFS;
- f. Statement of Management Responsibilities (SMR);
- g. BIR Form No. 2307 - Certificate of Creditable Tax Withheld at Source;
- h. BIR Form No. 1606 - Withholding Tax Remittance Return for Onerous Transfer of Real Property Other Than Capital Asset;
- i. BIR Form No. 2304 - Certificate of Income Payments not Subjected to Withholding Tax;
- j. BIR Form No. 2316 - Certificate of Compensation Payment/Tax Withheld System generated Acknowledgement Receipt or Validation Report of electronically submitted Summary Alphalist of Withholding Taxes (SAWT) thru csubmission@bir.gov.ph;
- k. Duly approved Tax Debit Memo;
- l. Proof of Foreign Tax Credits; Proof of Prior Year's Excess Credits;
- m. Proof of Other Tax Credits/Payments; and

n. BIR Form No. 1709 - Information Return on Transactions with Related Party.

Q18: When and how the applicable attachments are to be submitted to BIR?

A18:

Taxpayer / Filer	When to Submit	Mode of Submission
EBIRForms, EFPS, and TSP Filers	a. Within fifteen (15) days from the deadline of filing of return b. In case of late filing, within 15 days from filing	Online submission through EAFS system.
Manual Filers of 1701-MS	a. Within fifteen (15) days from the deadline of filing of return b. In case of late filing, within 15 days from filing	Online submission through EAFS system.

Q19: Is it required that the AITR be stamped received?

A19: **NO.** Since the AITR will be filed electronically, there is no need to have it stamped “received”, instead, the Filing Reference Number (FRN) or the Tax Return Receipt Confirmation (TRRC) shall serve as proof of filing of such AITR. As for the AFS submitted through EAFS, the EAFS shall generate Transaction Reference Number (TRN)/ Confirmation Receipt which shall serve as proof of submission by the taxpayer of the attachments to the BIR.

To know more about this issuance you may refer to this link: [RMC No. 34-2025.pdf](#)

REVENUE MEMORANDUM CIRCULAR 37-2025

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 37-2025 to provide for the uniform guidelines and prescribe the revised mandatory documentary requirements in the processing of claims for VAT Refund under Section 112 of the National Internal Revenue Code except those pursuant to a writ of execution by the Courts.

Q1: What is the coverage of this new issuance?

A1: Claims for VAT refund under Section 112(A) and (B) of the Tax Code, except those pursuant to a writ of execution by the courts, that are filed on April 1, 2025 and thereafter.

Q2: What is the timeframe for the processing and granting of claims for VAT refund?

A2: Within ninety (90) days from the date of submission of the certified true copies of the invoices or official receipts and other documents in support of the application filed.

Q3: What BIR Form is to be used?

A3: BIR Form No. 1914 or the “Application for VAT Credit/Refund”

Q4: Where to submit the application for VAT refund?

A4:

- a. To the **VAT Credit Audit Division (VCAD)** in the national office for taxpayers whose claims of unutilized input taxes are attributable to VAT zero-rated sales, to wit

Type of VAT Zero-Rated Sales	Section in RR No. 16-2005 as amended by RR No. 10-2025
Direct export sales of goods, regardless of the percentage of export sales to total sales	4.106-5(a)(1)
Direct export sales of services, regardless of the percentage of export sales to total sales	4.108-5(b)(2)
Sale of goods to persons engaged in international shipping or international air transport operations	4.106-5(a)(4)
Services rendered to persons engaged in international shipping air transport operations	4.108-5(b)(4)
Transport of passengers and cargo by domestic air or sea vessels from the Philippines to a foreign country	4.108-5(b)(6)

- b. Claims of taxpayer-claimants other than those mentioned previously

Type of VAT Zero-Rated Sales	Section in RR No. 16-2005 as amended by RR No. 10-2025
Sale of raw materials or packaging materials to a non-resident buyer for delivery to a resident local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the said buyer's goods	4.106-5(a)(2)
Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported	4.108-5(b)(1)
Sale of power or fuel from renewable energy sources	4.108-5(b)(7)
Those with effectively zero-rated sales i. Sale of goods and services to an export-oriented enterprise (EOE) ii. Sale of goods to bonded manufacturing warehouses of EOES iii. Sales of goods and services to persons or entities covered under	4.106-5(a)(3) and 4.108(b)(5), 4.106-5(a)(5) 4.106-5(b) and 4.108-5(b)(3) 4.106-5(c) and 4.108-5(b)(8)

special laws or international agreements iv. Sale of goods and services to registered business enterprises covered under Title XIII of the Tax Code	
Taxpayers whose VAT registration has been cancelled or has changed in the VAT registration status to non-VAT but with accumulated unutilized input taxes pursuant to Section 112(B) of the Tax Code, which shall be filed within two years from the date of issuance of the tax clearance by the BIR	4.112(b)

Shall be filed at the following offices which have jurisdiction over the taxpayer-claimant:

b.1 The VAT Audit Section (VATAS) of the Assessment Division of Regional Offices

b.2 The respective Revenue District Office (RDO) if without VATAS; or

b.3 The Large Taxpayers VAT Audit Unit (LTVAU) of the Large Taxpayers Service (LTS)

Q5: What happened after the submission of complete documentary requirements in support for VAT Refund Application?

A5: VAT refund claims shall be subject to validation by processing office as mentioned earlier as to the completeness of the documentary requirements.

Q6: Can the VAT refund application be filed electronically?

A6: **NO.** It must be submitted physically or manually at the designated processing office authorized to receive such application.

Q7: What happened if the documents were found out to be incomplete after validation?

A7: It shall not be accepted.

Q8: What if the application is made beyond the two-year prescriptive period and the same contains complete requirements?

A8: It shall be accepted but it will be recommended for outright denial.

Q9: What if the taxpayer has delinquency with the BIR that is final and executory, what is the effect of having an approved VAT Refund Claim?

A9: The approved VAT refund claim shall be subject to garnishment in satisfaction of the liability that has become final and executory.

Q10: Does the Regulation provides for the list of documents and the signatories thereof?

A10:

Documents	Signatory
Application for VAT refund, affidavit/s and/or such other document/s supporting the claim, other than the copies of sales invoices or receipts in support of sales and purchases	Duly authorized signatory of the taxpayer-claimant The Secretary's Certificate, Partnership Resolution, or Special Power of Attorney designating or authorizing said representative of the corporate claimant, partnership or sole proprietorship, as the case may be, should be notarized and must be presented to the processing office, together with one (1) valid government issued identification card (ID) of the said authorized representative.
Certified copies of invoices/receipts	President, Proprietor, Head of the Finance or Accounting of the Taxpayer Claimant The Secretary's Certificate, Partnership Resolution or Special Power of Attorney designating or authorizing said signatory of the corporate claimant, partnership or sole proprietorship, as the case may be, should be notarized and must be presented to the processing office, together with the company ID of the said official or employee of the taxpayer claimant.

Q11: What are the rules for VAT Refund Claims from April 1, 2025?

A11: For VAT refund claims where the period covered starts from April 1, 2025, the following rules shall apply:

- a. No refund of input VAT shall be allowed on the part of the export-oriented enterprise (EOE) that attained the seventy percent (70%) threshold from the preceding taxable year in case the local suppliers passed-on VAT on the local purchases of goods directly attributable to the former's export activity for the immediately succeeding year despite securing VAT zero-rating certificate from the Export Marketing Bureau (EMB) of the Department of Trade and Industry (DTI). In such cases, the qualified exporter may contest the same and/or resolve with the local supplier for the reimbursement of the VAT paid, if any, or convert the transaction from twelve percent (12%) VAT to VAT at zero percent (0%).

- b. Upon the effectivity of R.A. No. 12066 and its implementing rules and regulations, the EMB shall accept applications of EOE's for VAT zero-rating on their local purchases and VAT exemption on their importations. To avoid duplication of government agencies having to validate the export activities of taxpayer-claimants, the EMB shall certify the direct export sales of qualified taxpayer-claimants. Hence, documents evidencing actual export of goods or services shall be submitted to the EMB for their scrutiny and issuance of a certification as to its veracity through a template/schedule prescribed for this purpose. The processing office of the BIR shall verify the export sales of the taxpayer-claimant on the basis of the certification issued by the EMB.
- c. EOE's that have attained the 70% export threshold from the preceding taxable year but failed to secure certification from the EMB shall not be allowed for VAT refund covering the immediately succeeding year. However, the unutilized input VAT may be carried forward to the subsequent taxable quarters and can be utilized against future VAT liabilities.
- d. For EOE's that failed to meet the threshold from the preceding year and would claim for refund the input taxes from their local purchases attributable to zero-rated sales on the immediately succeeding year, the copy of the notification from the EMB with a clear statement that sales from the preceding year is below the 70% threshold must be submitted. This proves that the immediately succeeding year (that is the taxable year covered by the VAT refund claim) is not qualified for VAT zero-rating on local purchases and is therefore subject to 12% VAT. Also, a certified copy of the schedule or evaluation sheet from the EMB, containing the result of copy of the schedule or evaluation sheet from the EMB, containing the result of validation of export sales and inward remittances for the current year or taxable year covered by the VAT refund claim shall be submitted in lieu of the export documents such as airway bills/bills of lading to prove actual export and bank clarifications to prove inward remittances.
- e. For taxpayer-claimants that have purchases from registered business enterprises (RBEs) covered under RR No. 9-2025, no input VAT shall be claimed until the corresponding VAT has been paid on the purchase from RBE-sellers. The following documents are required for the local buyers of RBEs.
 1. Sales invoice issued by the RBE showing the amount of VAT on local sales; and
 2. Copy of the corresponding duly-filed BIR Form No. 1600VT or BIR Form No. 0605, whichever is applicable.

Q12: What would be the list of documentary requirements to be used for claims for input VAT attributable to zero-rated sales under Section 112(A) of the Tax Code?

A12:

Taxable Period Covered	Annex No.
Prior to April 1, 2025	A.1.1.
April 1, 2025 onwards	A.1.2.

For complete reference of this issuance, you may refer to this link: [bir-cdn.bir.gov.ph/BIR/pdf/RMC No. 37-2025.pdf](https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%2037-2025.pdf)

For the Checklist of Documentary Requirements: [RMC No. 37-2025 Annexes.pdf](#)

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