



MCC TAX AND OTHER RELEVANT UPDATES

Period Covered: February 2024



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CERTIFIED PUBLIC ACCOUNTANTS

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IMPORTANT UPDATES:

A. REVENUE MEMORANDUM CIRCULARS		
ISSUANCE	DATE ISSUED	SUBJECT
RMC No. 19-2024	February 5, 2024	Topic: Tax Administration Clarifies the Tax Treatment of Interest Expense Paid or Incurred on Indebtedness in Connection with the Taxpayer's Profession, Trade or Business and Other Related Matters. The memorandum summarizes the different tax treatment on the following: A. Interest expense on borrowing arrangements B. Interest paid in advance C. Interest expense on related parties
RMC No. 21-2024	February 7, 2024	Topic: Tax Incentives/ Administration Clarifies the answer to Question No. 31 of RMC No. 49-2022 in relation to RR No. 4-2022, implementing Section 295(F) of the NIRC (Tax Code) of 1997, as amended by RA No. 11534 (Corporate Recovery and Tax Incentives for Enterprises [CREATE] Act). This RMC clarifies when a Registered Export Enterprises (REEs) should change its registration status from VAT to Non-VAT.
RMC No. 22-2024	February 12, 2024	Topic: Tax Incentives / Administration Announces the availability of BIR Form No. 1702-EX [AITR for Corporation, Partnership and Other Individuals exempt under the Tax Code] January 2018 (ENCS) v2 in the Electronic Filing and Payment System (eFPS)
RMC No. 23-2024	February 12, 2024	Topic: Tax Administration Announces the availability of BIR Form No. 1701A [Annual Income Tax Return for Individuals Earning Income PURELY from Business/Profession] in the Electronic Filing and Payment System (eFPS)
RMC No. 25-2024	February 13, 2024	Topic: Tax Administration Amends the pertinent provisions of RMC No. 16-2024 extending the deadline of submission of Alphabetical List of Employees/Payees from whom taxes were withheld
RMC No. 26-2024	February 19, 2024	Topic: Tax Administration

		Notifies the availability of BIR Form Nos. 2200-AN, 2200-A and 2200-T [Excise Tax Returns] in the Electronic Filing and Payment System (eFPS)
RMC No. 27-2024	February 20, 2024	Topic: Tax Administration Updated checklist of documentary requirements for BIR registration-related frontline services
RMC No. 29-2024	February 26, 2024	Topic: Tax Administration Extends the deadline for the submission of the Certificate of Compensation Payment/Tax Withheld (BIR Form No. 2316) from February 28, 2024 to March 31, 2024. This RMC also clarifies the documents to accompany the submission of BIR Form 2316.
RMC No. 30-2024	February 26, 2024	Topic: Tax Administration (Tax Treaty) Circularizes the Entry into Force, Effectivity, and Applicability of the Philippines-Brunei Double Taxation Agreement
RMC No. 31-2024	February 27, 2024	Topic: Tax Administration Clarifies on the TIN Verification being required by employers from newly-hired employees. Employers are advised to use the TIN Verification facility in the Online Registration and Update System (ORUS) accessible at ORUS (bir.gov.ph) or through ChatBot Revie to verify the validity and correct ownership of the TIN.

DISCUSSION OF UPDATES

A. REVENUE MEMORANDUM CIRCULAR

REVENUE MEMORANDUM CIRCULAR 19-2024

Revenue Memorandum Circular No. 19-2024, dated February 4, 2024, clarifies the tax treatment of Interest expense paid and incurred on indebtedness in connection with the taxpayer's profession, trade or business, and other related matters.

The differences noted in the memorandum is summarized as follows:

	Financial Reporting (PFRS)	Tax treatment
Interest expense on borrowing arrangements	Interest is recognized as expense using the effective interest method. Interest incurred that are directly attributable to qualifying asset are capitalized as part of the cost of the asset (PAS 23)	Interest can be claimed as a deduction (subject to interest expense limitation) subject to certain limitation provided all criteria are met ¹ Interest incurred can be recognized as expense on the year incurred or capitalized as asset.
Interest paid in advance (cash basis)	Interest expense is recognized when incurred.	Interest expense can be claimed as deductible expense on the year of the indebtedness is paid (subject to interest expense limitation) If indebtedness is periodic amortizations, the interest corresponding to the principal amortized or paid during the year shall be allowed as deductible expense during the taxable year.
Interest expense on related parties	Interest expense is recognized when incurred.	Non-deductible expense for income tax purposes

You may access the revenue issuance at [RMC No. 19-2024.pdf \(bir.gov.ph\)](https://bir.gov.ph/RMC%20No.%2019-2024.pdf)

REVENUE MEMORANDUM CIRCULAR 21-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 21-2024 dated February 7, 2024 which clarifies the issue that arise from the answer to Question No. 31 of Revenue Memorandum Circular 49-2022 in relation to Revenue Regulations 4-2022 implementing Section 295(F) of the CREATE Act.

Except those REEs which have other activities other than that registered with the Investment Promotion Agencies (IPAs), the following Registered Export Enterprises (REEs) are required to change their registration status from VAT to Non-VAT:

- **Within two (2) months from the expiration of their Income Tax Holiday (ITH)**

Those whose sales are generated only from the registered activity and have shifted from ITH to 5% Gross Income Tax (GIT) or Special Corporate Income Tax (SCIT) regime;

- **Within two (2) months from the effectivity of RMC No. 49-2022**

¹ Refer to Sec. 34 (B)(2) of the NIRC of 1997 as amended, and as implemented by RR No. 13-2000 and Sec 7(B) of RR No. 5-2021.

Those enjoying 5% GIT regime but are still VAT-registered at the time the CREATE Act took effect

Following the guidelines, those petroleum importers located within the freeport zones and economic zones which do not have other activities other than those registered with the IPA have updated their registration from VAT to Non-VAT. However, pursuant to Section 295(F) of the CREATE Act, petroleum importers, including those located inside the freeport zones and special economic zones are subject to taxes and duties including the 12% VAT but may seek VAT refund. However, a VAT Refund is only possible if the Company is a VAT Registered Entity, thus this clarification from the BIR.

Thus, those REEs enjoying the 5% GIT or SCIT located within the freeport zones and special economic zones, which directly import petroleum products and do not have other activities subject to VAT, shall be permitted to register as a VAT Taxpayer to allow them to file for refund of input VAT incurred from importation attributable to zero rated sales pursuant to RR 4-2022.

For more details, you may refer to the following link: [RMC No. 21-2024.pdf \(bir.gov.ph\)](#)

REVENUE MEMORANDUM CIRCULAR 22-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 22-2024 advising the availability of BIR Form 1702-EX [AITR for Corporation, Partnership and Other Individuals exempt under the Tax Code] in the Electronic Filing and Payment System (EFPS) that is required to be filed on or before 15th day of the fourth month following the close of the taxable year.

All mandated EFPS taxpayers who are required to file the said return and pay the corresponding due thereon, if any, shall use the EFPS facility effective immediately.

You may access this revenue issuance at [RMC No. 22-2024.pdf \(bir.gov.ph\)](#)

REVENUE MEMORANDUM CIRCULAR 23-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 23-2024 advising the availability of BIR Form 1701A in the Electronic Filing and Payment System (EFPS) that is required to be filed on or before April 15 of each year covering income for the preceding taxable year.

Just to let you know, mandatory users/ filers must file said return to check if it is included in their EFPS and coordinate with the Revenue District Office where the company is registered to add this form to their EFPS account.

You may access the copy of the revenue issuance at [RMC No. 23-2024.pdf \(bir.gov.ph\)](#)

REVENUE MEMORANDUM CIRCULAR 25-2024

The Bureau of Internal Revenue issued, on February 13, 2024, Revenue Memorandum Circular 25-2024, extending the deadline for the submission of Alphalist of employees/payees for the taxable year 2023.

1. Taxpayers with own extract program shall strictly observe Annex A and B of file structure and naming convention
2. The deadline for the submission of Alphalist shall be thirty (30) days from the date of advisory announcing the availability of an updated version of the Alphalist data entry and validation module
3. Resubmit in case an alphalist was submitted using the old version of the data entry module by using the updated version thereof.

Note: BIR Advisory about Revenue Memorandum Circular 25-2024:

The Bureau of Internal Revenue, in an advisory posted on its website on February 16, 2024, has **announced the availability of the Alphalist Data Entry and Validation Module (7.2)**, which can now be downloaded from the BIR website ([Downloadables - Bureau of Internal Revenue \(bir.gov.ph\)](https://bir.gov.ph/Downloadables-Bureau-of-Internal-Revenue)).

Under BIR Revenue Memorandum Circular 25-2024, **the deadline for submitting Alphalist shall be thirty (30) days from the advisory posting date.**

REVENUE MEMORANDUM CIRCULAR 26-2024

The Bureau of Internal Revenue (BIR) has announced the availability of BIR Form Nos. 2200-AN, 2200-A, and 2200-T in the Electronic Filing and Payment System (EFPS):

BIR Form No.	Description	Deadline of Filing/Payment
2200-AN January 2018 (ENCS)	Excise Tax Return for Automobiles and Non-Essential Goods	Before the removal of the aforementioned products from the place of production
2200-A January 2020 (ENCS)	Excise Tax Return for Alcohol Products	Before the removal of the alcohol products from the place of production
2200-T August 2022 (ENCS)	Excise Tax Return for Tobacco, Heated Tobacco, Vapor and Novel Tobacco Products	Before the removal of tobacco products from the place of production.

You may refer to this link for the complete details of this revenue issuance [RMC No. 26-2024.pdf \(bir.gov.ph\)](https://bir.gov.ph/RMC-No.-26-2024.pdf)

REVENUE MEMORANDUM CIRCULAR 27-2024

The Bureau of Internal Revenue has issued on February 20, 2024, Revenue Memorandum Circular 27-2024 which circularizes the updated checklist of documentary requirements for registration related frontline services.

Meanwhile, the Bureau has reminded the taxpayers that pursuant to Ease of Doing Business Act, it shall only process applications or requests with complete documentary requirements.

For your reference, you may refer to below table for the useful link on this revenue issuance:

Copy of Revenue Memorandum Circular 27-2024	RMC No. 27-2024.pdf (bir.gov.ph)
Checklist of Documentary Requirements	bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2024 RMCs/RMC No. 27-2024 Annexes.pdf

REVENUE MEMORANDUM CIRCULAR NO. 29-2024

The Bureau of Internal Revenue has recently issued Revenue Memorandum Circular 29-2024 dated 26 February 2024 to inform the public of the **extension of the submission of BIR Form 2316 from February 28, 2024 to March 31, 2024.**

Likewise, the following are the documents to accompany the submission of 2316:

- Sworn Declaration (Annex C) under Revenue Regulations 2-2015; and,
- Certification of the List of Employees Qualified for substituted filing of their Income Tax Return (Annex F) under RR 11-2018

Meanwhile, in the light of the current COVID-19 situation, **the BIR Form 2316 should be signed by both the employer and the employee.**

For taxpayers who have already submitted the BIR Form 2316 using the old format (Version 2018) **no longer need to resubmit the same using the new format provided that the tax rate reflected thereon is based on the 2023 income tax rate.**

For further information on this revenue issuance, you may refer to the following link: [RMC No. 29-2024.pdf \(bir.gov.ph\)](#)

REVENUE MEMORANDUM CIRCULAR 30-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 30-2024 dated February 26, 2024 which circularizes the Entry Into Force, Applicability and Effectivity of the Philippines-Brunei Double Taxation Agreement. According to the said revenue issuance, the entry into force of the said tax treaty is on January 25, 2024.

For those entities invoking the provisions of the tax treaty may file either a Tax Treaty Relief Application (TTRA) or Request for Confirmation (RFC) should file an application addressed to International Tax Affairs Division (ITAD) located at Room No. 811, National Office Building, Senator Miriam P. Defensor Santiago Avenue, Diliman, Quezon City.

Note: Double Taxation Agreements (DTA) are agreements between two (2) countries to avoid taxing twice the same income that may have been earned by a foreign entity from another country.

REVENUE MEMORANDUM CIRCULAR 31-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular No. 31-2024 to clarify on matters concerning TIN Verification being required by employers from newly-hired employees. The BIR made a clarification that it does not require employees to verify their TIN and get a verification slip from the Revenue District Office.

Thus, all RDOs are instructed not to accept manual TIN verification or TIN Verification Slip for employment purpose. Instead, employers are advised to use the TIN Verification facility in the Online Registration and Update System (ORUS) accessible at [ORUS \(bir.gov.ph\)](#) or through ChatBot Revie to verify the validity and correct ownership of the TIN.

*****Nothing Follows*****