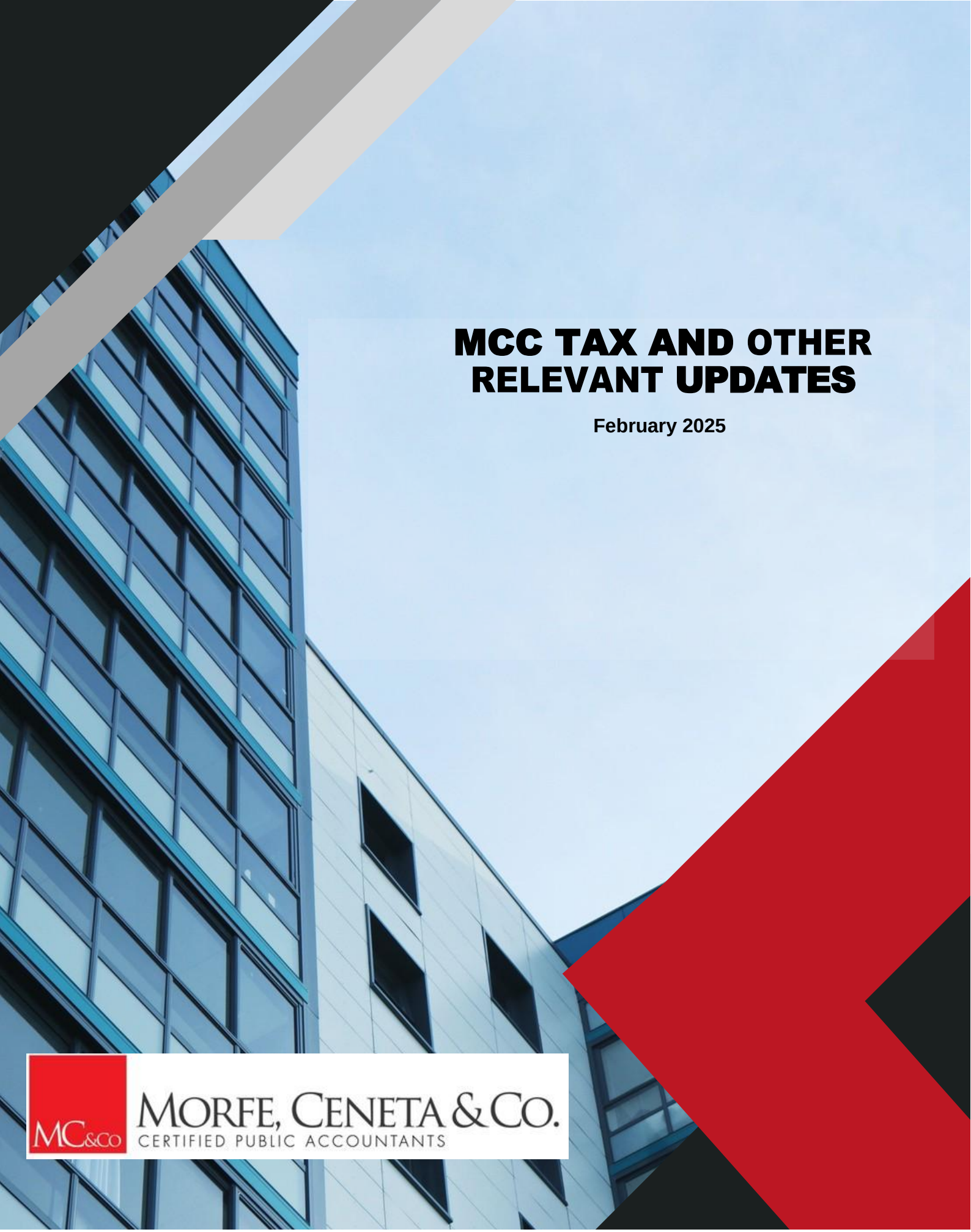

MCC TAX AND OTHER RELEVANT UPDATES

February 2025

MC&CO MORFE, CENETA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

IMPORTANT UPDATES:

A. REVENUE REGULATIONS		
ISSUANCE	**DATE ISSUED**	**SUMMARY / KEYPOINTS**
RR 5-2025	February 27, 2025	**Tax Administration** Revenue Regulations No. 5-2025, issued by the Bureau of Internal Revenue (BIR), amends certain provisions of Revenue Regulations No. 2-98 concerning withholding tax rates and the basis for specific income payments. **Notably, the regulation reduces the withholding tax rate on payments made by credit card companies to merchants to 0.5% of the gross amounts paid for goods and services.**
RR 6-2025	February 27, 2025	**Tax Administration** Revenue Regulations (RR) No. 6-2025 was issued by the Bureau of Internal Revenue (BIR) to implement the amendments introduced by Republic Act No. 12066 (CREATE MORE Act) concerning excise tax exemptions and refund mechanisms for petroleum products. Specifically, it provides **guidelines on Section 135 (tax exemption for petroleum products sold to international carriers and exempt entities) and the newly introduced Section 135-A (refund of excise tax on petroleum products).**
RR 7-2025	February 27, 2025	**Tax Administration** Revenue Regulations No. 7-2025 implements amendments under the CREATE MORE Act (RA 12066), specifically on corporate income tax rates and deductions. The corporate income tax rate remains 25% for domestic and resident foreign corporations except for those with net taxable income not exceeding ₱5 million and total assets not exceeding ₱100 million (excluding land), which are subject to a lower 20% rate. **Additionally, RBEs under the Enhanced Deductions Regime (EDR) are also taxed at 20%, but only on income derived from registered activities, while non-registered income remains taxed at standard rates**. The regulations further **allow**

		input taxes on local purchases related to VAT-exempt sales to be deducted from gross income. To address transitional concerns, excess income tax payments from previous filings due to the rate reduction may be carried forward.
RR 8-2025	February 27, 2025	**Tax Administration** **Revenue Regulations No. 8-2025** establishes the procedures for resolving requests for reconsideration of denied refund claims on **creditable input taxes and excise taxes on petroleum products**, as provided under **Sections 112(A) and (B) and 135-A of the NIRC**, as amended by **RA 12066 (CREATE MORE Act)**. It applies to refund applications filed from **April 1, 2025**, and clarifies that reconsideration requests must be based on **questions of law**, without introducing new evidence. Denial notices must state clear legal and factual justifications, and the BIR is required to **resolve requests within 15 days** of receipt. Requests must be filed properly, containing **a title, claim details, date of denial, legal arguments, and relevant annexes**, with non-compliance resulting in outright denial. If unresolved within the prescribed period, taxpayers may **appeal to the Court of Tax Appeals (CTA) within 30 days**.
RR 9-2025	February 27, 2025	**Tax Administration** **Revenue Regulations No. 9-2025**, issued by the Bureau of Internal Revenue (BIR), implements Section 295(D) of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act No. 12066 (CREATE MORE Act**), clarifying that local sales of goods and services by Registered Business Enterprises (RBEs) are subject to a 12% Value-Added Tax (VAT), unless otherwise exempt or zero-rated under Titles IV and XIII of the NIRC. The regulation specifies that the liability to pay and remit this VAT rests with the buyer when engaged in business** (B2B transactions), requiring them to file and pay the VAT due, while RBEs must issue invoices indicating the VAT separately. **For transactions where the buyer is not engaged in business (B2C transactions), the RBE-seller is responsible for remitting the**

		VAT. Additionally, the regulation addresses invoicing requirements, compliance obligations for both buyers and sellers, and transitional provisions to ensure proper implementation.
RR 10-2025	February 27, 2025	**Tax Administration** **Revenue Regulations No. 10-2025**, issued by the Bureau of Internal Revenue (BIR), amends specific provisions of **Revenue Regulations No. 16-2005** to align with the **Value-Added Tax (VAT) provisions** under Sections 106, 108, 109, and 112 of the **National Internal Revenue Code (NIRC) of 1997**, as amended by **Republic Act No. 12066 (CREATE MORE Act)**. The regulation provides updated guidelines on VAT zero-rating for sales of goods and services, clarifies exemptions under Section 109, and revises procedures for claiming VAT refunds and credits under Section 112. It also refines the conditions for VAT zero-rated transactions, particularly those involving **Registered Business Enterprises (RBEs)** and sales to export-oriented enterprises. Additionally, the regulation includes **new compliance requirements, invoicing procedures, and documentation standards** to ensure proper VAT reporting and prevent fraudulent claims
RR 11-2025	February 27, 2025	**Tax Administration** **Revenue Regulations No. 11-2025**, issued by the **Bureau of Internal Revenue (BIR)**, implements **Sections 237 and 237-A of the National Internal Revenue Code (NIRC) of 1997**, as amended by **Republic Act No. 12066 (CREATE MORE Act)**, by mandating the adoption of **electronic invoicing and sales reporting systems**. This regulation requires **large taxpayers, exporters, and e-commerce businesses** to issue **electronic invoices (e-invoices) and receipts (e-receipts)** using **BIR-registered or accredited systems**, ensuring real-time validation and compliance monitoring. It also introduces the **Electronic Sales Reporting System**, which requires covered taxpayers to **electronically transmit sales data to the BIR in a structured format** at prescribed intervals. The regulation defines the **scope of covered taxpayers, compliance requirements, system specifications, and penalties for non-compliance**, reinforcing

		the BIR's shift toward **digitalization, transparency, and improved tax administration**.
B. REVENUE MEMORANDUM CIRCULAR		
RMC 14-2025	February 19, 2025	**Tax Administration** **Revenue Memorandum Circular No. 14-2025**, issued by the Bureau of Internal Revenue (BIR) on **February 19, 2025**, clarifies and addresses inconsistencies in the mandatory requirements for tax credit or refund of excess/unutilized Creditable Withholding Taxes (CWT) on income, as outlined in **Section 76(C)**, in relation to **Sections 204(C) and 229** of the National Internal Revenue Code (NIRC) of 1997, as amended. This Circular specifically amends certain provisions of **RMC No. 75-2024**, particularly concerning the submission of **BIR Form No. 2307** (Certificate of Creditable Tax Withheld at Source). It acknowledges the acceptance of scanned, facsimile, photocopies, or notarized/certified copies of BIR Form No. 2307, recognizing the digital transmission of such documents in modern business practices.
RMC 15-2025	February 25, 2025	**Tax Administration** **Revenue Memorandum Circular No. 15-2025**, issued by the Bureau of Internal Revenue (BIR), announces the availability of the **Alphalist Data Entry and Validation Module Version 7.4**. This updated module incorporates newly created alphanumeric tax codes and updated rates for transactions under creditable and final withholding taxes. Taxpayers are advised to download Version 7.4 from the BIR's official website and utilize it for preparing and submitting alphalists for taxable year 2024, corresponding to BIR Form Nos. 1604C, 1604F, 1601EQ, and 1601FQ. The deadline for submission is set at thirty (30) days following the posting date of this Circular on the BIR website. Taxpayers who previously submitted alphalists using the older Version 7.3 but received error messages from the BIR's eSubmission facility are required to resubmit their alphalists using the updated Version 7.4 within the same deadline. Additionally, taxpayers utilizing their own extract programs

		must adhere to the revised file structures and standard naming conventions detailed in Annexes "A" and "B" of the Circular
RMC 16-2025	February 26, 2025	**Tax Administration** **Revenue Memorandum Circular No. 16-2025**, issued by the Bureau of Internal Revenue (BIR), serves as a reminder to all candidates, political parties, and party-list groups participating in the **May 12, 2025 National and Local Elections** of their tax obligations. The circular emphasizes the mandatory registration requirements, the issuance of official receipts for contributions received, and the maintenance of appropriate books of accounts. It also highlights the necessity of withholding taxes on compensation paid to campaign staff and on payments to suppliers of goods and services. Additionally, the circular outlines the deadlines for filing tax returns and remittance of withheld taxes.
C. SECURITIES AND EXCHANGE COMMISSION		
SEC-OGC 25-01	February 18, 2025	SEC-OGC 25-01 discusses the capacity of a foreigner to sit as President of a corporation. A foreign national can, as a general rule, sit as president of the Corporation except when the line of business in which the corporation is engaged is considered as nationalized or partly nationalized. Foreigners are not allowed from intervening in the management, operation, administration, or control of nationalized or partly nationalized undertakings.

Specific details on the above issuances are discussed below in Q&A Format.

DISCUSSION OF UPDATES

A. REVENUE REGULATIONS

REVENUE REGULATIONS 5-2025

The Bureau of Internal Revenue issued Revenue Regulations 5-2025 on 27 February 2025 to implement the provisions of CREATE MORE by amending the pertinent provisions of Revenue Regulations 2-98 as amended. The following is the simplified version of this revenue issuance in Q&A Format:

Q1: What provision of law is being implemented by Revenue Regulations 5-2025?

A1: Section 57 of the National Internal Revenue Code, as amended, imposing withholding tax.

Q2: What is the effect of issuing Revenue Regulations 5-2025?

A2: It adjusted specific withholding tax rates as provided under Revenue Regulations 2-98 as amended by Revenue Regulations 11-2018.

Q3: What are those withholding tax items for which rates have been adjusted?

A3:

Item	Previous Rate	New Rate
Certain income payments made by credit card companies *(Section 2.57.2[H], Rev. Regs 2-98)*	1/2 of 1% of the gross amounts paid by any credit card company in the Philippines to any business entity	1/2% On the gross amounts paid by any credit card company in the Philippines to any business entity
Remittances of Electronic Marketplace Operators and Digital Financial Services Providers to Merchants *(Section 2.57.2[X], Rev. Regs 2-98, Rev. Regs. 16-2023)*	1/2 of 1% of the gross remittances by e-marketplace operators and digital financial services providers to the sellers/merchants for the goods or services sold/paid through their platform/facility	1/2 % on the gross remittances by e-marketplace operators and digital financial services providers to the sellers/merchants for the goods or services sold/paid through their platform/ facility

Q4: When are these rates applicable?

A4: The rates shall apply effective 15 days after this revenue issuance. This issuance was issued on 27 February 2025.

You may access the copy of this revenue issuance at: RR No. 5-2025.pdf

REVENUE REGULATIONS 6-2025

The Bureau of Internal Revenue has issued Revenue Regulations 6-2025 implementing Section 135 of the National Internal Revenue Code, as amended, on Petroleum Products sold to international carriers and exempt entities or agencies and the new Section 135-A on refund of excise tax on petroleum products of the National Internal Revenue Code as amended by Republic Act No. 12066. The following is the simplified Q&A Format of the Revenue Issuance:

Q1: What are those matters covered by RR 6-2025?

A1: It covers the following:

a. Exemption from Excise Tax of Petroleum Products Sold to International Carriers and Exempt Entities or Agencies; and
b. Refund of Excise Tax on Exempt Transactions

These are matters covered by Section 135 and 135-A of the National Internal Revenue Code, as amended by R.A. 12066.

Q2: To whom should petroleum products be sold to be exempt under the law?

A2: Petroleum products sold to the following are exempt from Excise Tax:

a. **International carriers of Philippine or Foreign Registry:**
    a. Directly importing petroleum products
    b. For their use or consumption outside the Philippines
b. **Exempt entities or agencies covered by tax treaties, conventions, and other international agreements** for their use of consumption subject to reciprocity, meaning that the country of said foreign international carrier or exempt entities or agencies exempt from similar taxes petroleum products sold to Philippine carriers, entities or agencies.
c. Entities which are exempt by law from direct and indirect taxes.

Q3: What other things should we consider when transacting international carriers?

A3: The said petroleum products sold to these international carriers shall be stored in a bonded storage tank duly accredited by the Bureau of Customs (BOC). The said international carriers claiming exemption shall comply with the registration requirements for their importation.

Q4: Are suppliers of petroleum products to international carriers allowed to file a claim for refund of excise tax?

A4: **YES.** Suppliers of petroleum products to international carriers shall be allowed to file a claim for refund of excise tax paid on such products upon presenting proof that the petroleum products were sold to international carriers of Philippine or foreign registry for the latter's use or consumption outside the Philippines, following the procedures provided under Section 135-A and under Revenue Regulations 6-2025.

QUESTIONS RELATED TO FILING OF EXCISE TAX REFUND

Q5: Is the excise tax refund automatic?

A5: **NO.** A written claim for a refund must be filed with the Commissioner of Internal Revenue or his duly authorized representative within two (2) years from the payment of excise tax.

Q6: Is the return showing overpayment considered a written claim for Excise Tax Refund?

A6: **YES.** It is considered as written claim for Excise Tax Refund. However, for purposes of the 90-day period for the BIR to process the refund application, it shall be counted from the date of submission of complete documentary requirements in support of the application. It must be filed within the two (2) year prescriptive period.

Q7: What is the period within which the CIR or his duly authorized representative should act on the application for refund?

A7: Within ninety (90) days from submitting the complete documentary requirements. The decision shall be communicated in writing.

Q9: What will happen if there is a full or partial denial of the claim for Excise Tax Refund?

A9: The taxpayer may file a Request for Reconsideration within fifteen (15) days from the receipt of the decision denying in full or in part the claim for refund. The request for reconsideration shall only be limited to questions of law on the full or partial denial of the claim for a refund.

Q10: Can I submit documents I failed to submit when filing the claim during the request for reconsideration?

A10: **NO.** Documents that should have been submitted mandatorily in support of the claim shall not be accepted during the request for reconsideration.

Q11: What is the effect of failure to file a request for reconsideration within the period of fifteen (15) days?

A11: The decision shall become final.

Q12: What is the turnaround time within which the CIR should decide on the request for reconsideration?

A12: Within fifteen days (15) from the date of receipt of the request for reconsideration.

Q13: What will happen in case of partial or full denial of request for reconsideration or failure on the part of the CIR or his duly authorized representative to act on the application for refund within the period prescribed?

A13: The affected taxpayer may appeal to the Court of Tax Appeals within 30 days:

a. **Nonaction on the application –** after the expiration of 90-day period to decide on the application for refund.
b. **Full/Partial Denial of Request for Reconsideration**– Within 30 days from the receipt of the decision denying the request for reconsideration.
c. **Nonaction on the Request for Reconsideration –** after the lapse of the fifteen (15) day period to decide on the request for reconsideration, in cases where no action is made by the CIR or his duly authorized representative on the request for reconsideration.

Q14: Is it always required that we file a request for reconsideration?

A14: **YES.** A request for reconsideration in the case of partial or complete denial of the application must be filed before elevating the matter to the Court of Tax Appeals.

Q15: What if the application was not acted upon within the 90-day period granted to the Commissioner of Internal Revenue to process the application for a claim of refund/ credit of excise tax?

A15: From the lapse of the 90-day period, the aggrieved taxpayer has 30 days to elevate the matter before the Court of Tax Appeals.

Q16: Should we file a request for reconsideration if the CIR fails to act on the application within the 90-day period?

Q16: As there is no decision to speak of, there is no requirement that a request for reconsideration must be filed. After the lapse of the 90-day period and within the period to elevate an appeal, the taxpayer may file a Petition before the Court of Tax Appeals.

Q17: Is the refund granted subject to audit of the Commission on Audit

A17: **YES**

Q18: What if the refund granted was eventually disallowed by the Commission on Audit?

A18: Only the taxpayer shall be liable for the disallowed amount without prejudice to any administrative liability on the part of the employee/official of the BIR who may be found to be grossly negligent in the grant of the tax refund.

Q19: What is the liability of any official agent or BIR Official / Employee for deliberate failure to process and decide claim for refund within the prescribed period?

A19: Failure on the part of any official agent or official/employee of the BIR who deliberately caused the delay of the processing and deciding on the application within the ninety (90)-day period and/or request for reconsideration within the fifteen (15)-day period, shall be punishable under Section 269(J) of the Tax Code.

Q20: When will these rules be applicable, is this applicable for claims filed after 15 days from February 27, 2025?

A20: **NO.** It will only apply for claims filed from April 1, 2025 onwards.

You may check this revenue issuance at: RR No. 6-2025 (1).pdf

REVENUE REGULATIONS 7- 2025

The Bureau of Internal Revenue has issued Revenue Regulations implementing the amendments to Sections 27, 28 and 34 of the National Internal Revenue Code, as amended by Republic Act No. 12066 or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE)

The following shall be the applicable income tax rates for domestic corporations pursuant to Sections 27 and 28 of the Tax Code:

Q1: What are the rates applicable to Domestic Corporations with the implementation of CREATE MORE?

A1:

DOMESTIC CORPORATIONS

Particulars	Income Tax Rate	Effectivity
Domestic corporations, in general	25%	July 1, 2020
Domestic corporations with net taxable income not exceeding Five Million Pesos (P5,000,000.00) and	20%	July 1, 2020

with total assets not exceeding One Hundred Million Pesos (P100,000,000.00), excluding land on which the particular business entity's office, plant and equipment are situated, during the taxable year for which tax is imposed.		
Domestic corporations classified as RBEs under the EDR as provided in Sec. 294(C) of the Tax Code, as amended by the CREATE MORE Act.	20%	November 28, 2024

Q2: What are the applicable rates to Resident Foreign Corporations after the effectivity of CREATE MORE?

RESIDENT FOREIGN CORPORATIONS

Particulars	Income Tax Rate	Effectivity
Resident Foreign Corporations, in general	25%	July 1, 2020
Resident Foreign Corporations classified as RBEs under the EDR as provided in Sec. 294(C) of the Tax Code, as amended by the CREATE MORE Act.	20%	November 28, 2024

Q3: Does it mean that when a company is a Registered Business Enterprise, automatically that the rate of 20% corporate income tax applicable?

A3: No. Only for Registered Business Enterprises **under** Enhanced Deductions Regime (EDR).

Q4: Does the rate for RBEs under EDR applicable to all income derived from registered and nonregistered activities?

A4: **NO.** The reduced corporate income tax of twenty percent (20%) shall be applicable only to taxable income derived from the registered activities or projects

Q5: When are we going to apply the 20% rate if our company is a registered business enterprise?

A5: Starting 28 November 2024. Income from non-registered activities shall be subject to applicable tax rates.

Q6: Is input tax paid on local purchases attributable to VAT-exempt sales deductible from the taxpayer's gross income?

A6: **YES.** Input tax paid on local purchases attributable to VAT-exempt sales are considered deductible from the taxpayer's gross income pursuant to Section 34(C)(8) of the National Internal Revenue Code, as amended.

You may access the copy of this revenue issuance at:

REVENUE REGULATION 8-2025

The Bureau of Internal Revenue has issued Revenue Regulations 8-2025, outlining the rules for resolving requests for reconsideration against full and partial denial of claim for refund under:

a. Creditable input taxes under Section(A) and (B) of the Tax Code;
b. Excise tax paid on petroleum products under Section 135-A of the Tax Code

Q1: What is a "Request for Reconsideration"?

A1: a request for reconsideration is a plea for reevaluation of a pure question of law on a given set of facts or circumstances based on previously submitted documents and arguments without need for the introduction of new additional documents.

Q2: I have failed to submit a document during the application period for claim for refund of excise tax, can I submit it to the BIR during the Request for Reconsideration?

A2: **NO.** Based on the definition of a request for reconsideration, it must be based on a pure question of law. Thus, submitting additional documents to support a request for reconsideration would be denied as an appreciation of documents is a pure question of fact and not of law.

Q3: What is a question of law, and how is it different from a question of fact?

A3: A **Question of Law** arises when there is doubt as to what the law is on a certain state of facts. For a question of law to be one of law, the same must

not involve an examination of the probative value of the evidence presented by the applicant. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. (Republic v. Caraig)

Question of Fact, on the other hand, involves factual determination and appreciation of facts based on documentary evidence; it exists when the doubt or difference arises as to the truth or falsehood of the alleged facts. (Paranaque Kings Enterprises, Inc. v. Court of Appeals).

Q4: What should I look for when receiving a full or partial denial notice? What should it state?

A4: The notice of full or partial denial of the claim for refund shall cite the factual and legal bases stating the law, rules and regulations, and jurisprudence, if any, on which such denial is based as required under the Tax Code.

Q5: Can I file a request for reconsideration on the ground of question of fact?

A5: **NO.** Request for Reconsideration must only be anchored on a pure question of law.

A **Question of Law** arises when there is doubt as to what the law is on a certain state of facts. For a question of law to be one of law, the same must not involve an examination of the probative value of the evidence presented by the applicant. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. (Republic v. Caraig)

Q7: If the question of facts cannot be raised during the request for reconsideration, when should it have been raised?

A7: Pure Question of Facts must be raised or thresh out during the initial processing of the claim for refund and contained in the notice of full or partial denial. Consequently, any factual issue raised in the request for reconsideration shall no longer be entertained.

Q8: Am I absolutely barred from submitting documents during the request for reconsideration?

A8: **NO.** If the documents being submitted have already been submitted previously during the application for tax refund, then the document can be resubmitted during the request for reconsideration. Kindly refer to Question 2.

Q9: What is the period within which the Request for Reconsideration is to be acted upon by the BIR?

A9: Within fifteen (15) days from the date of actual receipt of the request for reconsideration by the processing office concerned.

Q10: What is the effect of failure to file a request for reconsideration?

A11: The decision shall now be considered final.

Q11: Where to file a request for reconsideration?

A11:

	Processing Office	**Approving Office**
For denial of claims within the National Office, including those signed by Assistant Commissioner (ACIR) – Large Taxpayer Service (LTS)	Appellate Division	Office of the Commissioner of Internal Revenue (OCIR)
For denial of claims signed by the Regional Director	Legal Division of the Revenue Region concerned.	Regional Director concerned.

Q12: When does the fifteen (15) day period to process the application commence?

A12: From the date of actual receipt of the processing office of the request for reconsideration.

Q13: What is the period within which to file for request for reconsideration?

A13: Within fifteen (15) days from receiving the decision of partial or full denial.

Q14: Can I file a request for reconsideration even beyond the reglementary period within which to file it?

A14: **NO.** Failure to file within the prescribed period shall result to the decision being final.

Q15: Are there any specific guidelines as to the contents of the request for reconsideration?

A15: **YES.** These are as follows:

1. Title of the request for reconsideration must be in all capital letters, bold-faced, thus:

   "REQUEST FOR RECONSIDERATION OF THE PARTIAL/FULL DENIAL OF CLAIMS FOR VAT REFUND"

   OR

"REQUEST FOR RECONSIDERATION OF THE PARTIAL/FULL DENIAL OF CLAIMS FOR REFUND ON EXCISE TAX PAID ON PETROLEUM PRODUCTS"

2. Description of the claim subject of the request for reconsideration indicating the name of taxpayer-claimant. Tax Verification Notice (TVN) Number, amount of the original claim and the amount which was denied, and the taxable period/s covered;
3. Date of receipt of the notice of full or partial denial of the claim for refund;
4. Clear and concise statement of facts, the assignment of errors of law and citation of the rules and regulations, law, and jurisprudence, if any, in support of the taxpayer-claimant's arguments;
5. The taxpayer-claimant shall attach one (1) set of the following documents as annexes to the request for reconsideration:

    a. Original copy of the authority to file the request for reconsideration embodied in a Secretary's Certificate, if the taxpayer-claimant is a corporation, or a Special Power of Attorney, if the taxpayer-claimant is an individual;
    b. Certified true copy of the original application for refund with the receiving stamp from the VAT Credit Audit Division/ Large Taxpayers' VAT Audit Unit or concerned LTS Office/VAT Audit Section or Revenue District Office, whichever is applicable;
    c. Certified true copy of the notice of full or partial denial of the claim for refund subject of the request for reconsideration, and its attachments, if any, with proof of date of receipt of the same;
    d. Certified true copy of the checklist of mandatory requirements prepared by the original Processing Office and acknowledged by the taxpayer-claimant or its authorized representative; and
    e. Other pertinent documents relevant to the legal issue/s raised which were previously submitted in the original claim for refund with proof thereof.

Q16: In the immediately preceding question, it was discussed what a request for reconsideration should contain. What is the effect of filing a request for reconsideration without complying with these requirements regarding form and contents?

A16: The failure of the taxpayer-claimant to comply with any of the foregoing requirements as to the period, form and manner of filing of the request for

reconsideration shall constitute sufficient ground for the outright denial of the same.

Q17: What would be the BIR's action on the request for reconsideration?

A17: The decision on the request for reconsideration shall be issued within fifteen (15)-day processing period from actual receipt of the request by the Processing Office.

Service thereof shall be effected through registered mail or any other modes of service as defined under existing rules and regulations.

The Processing Office shall furnish the office which rendered the full or partial denial of the claim, a copy of the decision on the request for reconsideration to aid the latter in establishing statistics on the aggregated volume, processing time, approval rate of refund claims, and other relevant statistics and its publication on the BIR website.

Q18: When is the refund to be processed if the request for reconsideration is granted?

A18: The refund shall be made within twenty (20) days from the date the decision is issued.

Q19: Can I still withdraw my request for reconsideration?

A19: **YES.** The request for reconsideration filed by the taxpayer-claimant may still be withdrawn at any time before a decision is made. In which case, the final decision denying the claim in whole or in part shall remain as though no request for reconsideration has ever been filed and shall become final from the lapse of the fifteen (15) day period within which to file a request for reconsideration.

Q20: Can I elevate the nonaction or action of the CIR on my request for reconsideration to the Court of Tax Appeals?

A20: **YES.** See below table summarizing the rules:

Action of the CIR	Period to File to CTA
Full or Partial Denial of the Request for Reconsideration	30 days from the receipt of the decision
Inaction on the Request for Reconsideration	30 days from the lapse of 15 days within which the CIR should act on the Request for Reconsideration.

You may check this revenue issuance at: RR No. 8-2025.pdf

REVENUE REGULATIONS 9-2025

The Bureau of Internal Revenue has issued Revenue Regulations 9-2025, implementing the provision of CREATE MORE on the tax treatment of local sales of Registered Business Enterprises. The following is the simplified Question and Answer of this revenue issuance:

Q1: Does this revenue issuance cover the export sale of RBEs?
A1: **NO.** The revenue issuance is only applicable to **LOCAL** sales of the RBEs.

Q2: We are a registered business enterprise. Are we liable for value-added tax if we are on an income tax holiday?
A1: **YES.** All local sales of RBEs shall be subject to VAT regardless of income tax regime (ITH, SCIT, GIE or RCIT)

Q3: We are an RBE and have local sales to another entity inside the ecozone, what is the treatment of our transaction for VAT purposes?
A3: The location of the transaction and the RBE, whether inside the ecozone, freeport or customs, such as those registered with the Board of Investments are no longer the determining factors in so far as the taxability for local sales of RBEs for VAT purposes is concerned.

Therefore, if an RBE made a local sale, regardless of location and tax regime, it is subject to VAT.

Q4: Who has the liability to pay and remit the Value-Added Tax on local sales of an RBE?
A4: Generally, the liability to pay and remit the VAT to the government lies with the buyer of goods or services as Republic Act No. 12066 has shifted to the buyer this liability for local sales of RBEs. However, it is subject to the following rules:

Buyer is engaged in business (B2B Transaction)

In a B2B Transaction, the buyer of the goods or services is liable to pay and remit the corresponding VAT on the transaction.

Buyer not engaged in business (B2C Transaction)

The seller shall be responsible in remitting the VAT on local sales it charged to its buyers that are not engaged in business.

Q5: If the transaction is B2B, how can the buyer comply with the requirements of paying and remitting the VAT attributable to local sales of a Registered Business Enterprise?
A5:

a. **For purchase of goods from economic zones or freeport** – The filing and payment of the VAT on B2B Local Sales by RBEs shall on a per transaction basis using the BIR Form to be prescribed by the BIR for this purpose through a separate revenue issuance. In the meantime, the BIR Form 0605 shall be utilized and shall be immediately transmitted to the RBE-seller, as part of the requirements prior to the release of goods from the economic zone or freeport.
b. **For purchase of services from economic zones or freeport** – The filing and payment of the VAT on B2B local sales by RBEs shall be on a monthly basis using the BIR Form to be prescribed by the BIR for this purpose through a separate revenue issuance. In the meantime, BIR Form 1600-VT shall be utilized and shall be filed on or before the tenth (10^{th}) day of the month following the month in which the transaction transpired. The buyer shall issue a withholding VAT certificate (BIR Form 2307) to the RBE seller either on the aggregated quarterly VAT on local sales payments or demand of the RBE-seller.
c. **For purchases of goods and/or services from BOI-registered enterprise** – The filing and payment of the VAT on B2B local sales by RBEs shall be on a monthly basis using the BIR form to be prescribed by the BIR for this purpose through a separate revenue issuance. In the meantime, BIR Form No. 1600-VT shall be utilized and shall be filed on or before the tenth (10^{th}) day of the month following the month in which the transaction transpired. The buyer shall issue BIR Form No. 2307 to the RBE-seller either on the aggregated quarterly VAT on local sales payments or upon demand of the RBE-seller.

Q6: If the transaction is B2C, who has the burden to comply with the requirements of paying and remitting the VAT attributable to local sales of a Registered Business Enterprise, and how can this be complied with?
A6: The RBE has the burden to comply subject to the following rules:

a. **Registered activity of the RBE-seller is under the 5% GIE/SCIT regime.** Until a new form is prescribed, the seller-RBE shall file BIR Form No. 0605 for the VAT on local sales paid by their buyers/consumers. This form shall be filed by the 10^{th} day of the month following the transaction.

   For RBEs with other registered activity/ies that is/are not under the 5% GIE or SCIT regime, they shall be required to register as VAT. The local sales shall be reported under the gross sales subject to VAT in the quarterly VAT returns (BIR Form No. 2550Q). The VAT paid through BIR Form No. 0605 during the first two (2) months of the quarter shall be reflected as VAT credit in the BIR Form 2550Q.

b. **Registered Activity of the RBE-Seller is under ITH/EDR or Regular Income Tax Rate.** Since this requires VAT registration, the RBE-seller

shall file the corresponding quarterly VAT return (QVR) for the local sales subject to VAT including the VAT on local sales.

Q7: In a B2B transaction of a registered business enterprise on its local sales, what needs to be reflected in the invoice?
A7: The RBE-seller shall bill the transaction inclusive of the VAT, which is shown as a separate item in the invoice that will tagged as "VAT on Local Sales". Since the remittance of the corresponding VAT on local sales will be on the account of the buyer, this will not be included in the total amount due from the buyer.

Q8: How about in B2C transactions, what needs to be reflected in the invoice?
A8: The seller shall bill the transaction inclusive of VAT, which is shown as a separate item in the invoice that will be tagged as "VAT on Local Sales". The buyer shall pay the purchase price to the RBE-seller, inclusive of VAT on local sales.

Q9: What are the compliance requirements of RBE-sellers?
A9:

a. Filing of Quarterly VAT Returns (QVRs)

i. Non-VAT registered RBEs (i.e. those enjoying 5% GIE/SCIT) are not required to file QVRs and shall declare sales subject to VAT all B2B local sales with corresponding BIR Form 2307/0605 issued by their buyers which shall serve as proof in claiming VAT credit therefrom.
ii. VAT-registered RBEs (those enjoying ITH/EDR/RCIT) are required to file QVRs and shall declare as sales subject to VAT all B2B local sales with the corresponding BIR Form 2307/0605 issued by their buyers which shall serve as proof in claiming VAT credit therefrom
iii. RBEs with mixed activities (i.e. two or more registered projects/activities under difference income tax regimes) shall file QVRs and shall declare as sales subject to VAT all B2B local sales with the corresponding BIR Form No. 2307/0605 issued by their buyers, which shall serve as proof in claiming VAT credit therefrom.

b. Submission of Summary List of Local Sales

Non VAT registered RBEs – shall submit a quarterly summary list of local sales to be furnished to the BIR office having jurisdiction over the RBE following the format to be prescribed by the BIR in a separate revenue issuance, which shall indicate whether the corresponding VAT has been paid by the buyer.

VAT registered RBEs – shall follow the regular submission of summary list of sales and purchases under existing revenue issuances.

Q10: What if the Company is an RBE under 5% SCIT/GIE or any of its registered activity are under said tax regime, do they need to be VAT registered?
A10: No. The VAT registration for those under 5% SCIT/GIE or any of its registered activity shall be optional. In case the RBE wishes to be VAT registered, this will not prejudice its existing fiscal and non-fiscal incentives.

Q11: In relation to previous question, do companies have the option to cancel their VAT registration?
A11: **NO.** The VAT registration cannot be canceled for the next three (3) years.

Q12: How can input tax on purchases of buyers made from RBE-sellers be claimed as input VAT?
A12: The input VAT cannot be claimed until the VAT has been paid on the purchase from RBE sellers.

Q13: What are the documents required for the local buyers of RBEs in order to claim for input VAT on their purchases?
A13:

a. Sales invoice issued by the RBE showing the amount of VAT on local sales; and
b. Copy of corresponding duly-filed BIR Form No. 1600-VT or BIR Form No. 0605, whichever is applicable.

No claim of input VAT shall be made for non-VAT buyers but instead, the VAT paid on their purchases shall form part of the cost or charged to expense account.

Q14: What is the creditable withholding tax rate on purchasing goods from RBE of the Philippine Government and any of its political subdivisions?
A14: It shall be adjusted to 12%

Q15: Is there any transitory provision under this new issuance?
A15: **YES.**

1. Remaining manual invoices of the RBEs with the term "VAT/VAT Amount" in the breakdown of sales may be stamped with "VAT on Local Sales" upon issuance to the buyer, until fully consumed without the need for approval from the concerned BIR Office. New layout shall upon filing for authority to print shall include the term "VAT on Local Sales" in the said invoice.
2. In case where the invoices are exempt or VAT exempt and do not include the term "VAT/VAT Amount" the same shall be stamped with

"VAT on Local Sales" upon issuance to the buyer without the need for approval by the concerned BIR office.

3. RBEs using Cash Register Machines, Point-of-Sales (CRM/POS), Computerized Accounting System (CAS), Computerized Books of Accounts with Accounting Records and other invoicing system or software shall have to reconfigure by adding the term "VAT on Local Sales" in the breakdown of sales until December 31, 2025. This shall be subject to post-verification by the BIR office having jurisdiction over the RBEs.

You may check this revenue issuance at: RR No. 9-2025.pdf

REVENUE REGULATIONS 10-2025

The Bureau of Internal Revenue has issued Revenue Regulations 10-2025 dated 25 February 2025 amending the pertinent provisions of Revenue Regulations 16-2005 or the Consolidated VAT Regulations to implement the Value-Added Tax provisions under Section 106, 108, 109, and 112 of the National Internal Revenue Code, as amended by Republic Act No. 10266.

The following is a simplified Q&A Format of the said revenue issuance:

SALE OF GOODS OR PROPERTIES

Q1: The revenue regulations stated that it amended pertinent provisions of RR 16-2005; what subject matter is covered by these amendments?
A1:

a. VAT zero-rating under Section 106(A)(2) for sale of goods
b. VAT zero-rating under Section 108(B) for sale of services;
c. VAT-exempt transactions under Sections 109(u) and 109(dd), and
d. VAT refund/ credit under Section 112(C)

Q2: What is a VAT zero-rated sale? Does it mean that the transaction is not subject to VAT?
A2: **NO.** A zero-rated sale of goods or properties (by a VAT-registered person) is a taxable transaction for VAT purposes but shall not result in any output tax.

Q3: What happens on the input tax related to the VAT zero-rated?
A3: Input tax on purchases of goods or properties, related to such zero-rated sale, shall be available as tax credit or refund in accordance with the regulations.

Q4: What are those sales by VAT-registered persons which shall be subject to zero percent (0%) rate?

a. Export Sales

1. The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported, paid for in acceptable foreign currency or its equivalent in goods or services, and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

2. 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 and paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP;

3. Sale of goods to an export-oriented enterprise. For purposes of this provision, "Export-Oriented Enterprise" refers to a person, natural or juridical, engaged in the sale and actual shipment of goods from the Philippines to a foreign country or economy as contemplated under Section 4.106-5(a)(1) of these Regulations. To qualify for VAT zero-rating under this provision, the following conditions shall be necessary:

   (i) Export sales of the export-oriented enterprise is at least seventy percent (70%) of the total annual production of the preceding taxable year. For this purpose, "total annual production" for goods, refers to the volume or sales value of production, manufactured and sold, including mark-up, by the export-oriented enterprise during taxable year;
   (ii) Such goods are directly attributable to the export activity of the export-oriented enterprise. For this purpose, directly attributable' shall refer to goods that are incidental to and reasonably necessary for the export activity of the export-oriented enterprise; and
   (iii) The Export Marketing Bureau (EMB) of the Department of Trade and Industry (DTI) shall determine compliance with the aforementioned threshold through the issuance of a certification. This certification is to be distinguished from the VAT zero-rating certification issued by the Investment Promotion Agencies (IPAs) on the sale to Registered Business Enterprises (RBEs) which is covered under Title XIII of the Tax Code.
   (iv) The sale of goods, supplies, equipment, and fuel to persons engaged in international shipping or international air transport operations; Provided, that the

goods, supplies, equipment, and fuel shall be exclusively for the international operations, not domestic operations, of persons engaged in international shipping or air transport operations. The sale of goods, supplies, equipment, and fuel to persons engaged in international shipping or international air transport operations is limited to goods, supplies equipment and fuel that shall be used in the transport of goods and passengers from a port in the Philippines directly to a foreign port, or vice versa, without docking or stopping at any other port in the Philippines unless the docking or stopping at any other Philippine port is for the purpose of unloading passengers and/or cargoes that originated from abroad, or to load passenger and/or cargoes bound for abroad; Provided further, that if any portion of such fuel, goods, supplies or equipment is used for purposes other than those mentioned in this paragraph, such portion of fuel, goods, supplies, and equipment shall be subject to 12% VAT; and

(v) Sales to bonded manufacturing warehouses of export-oriented enterprises. For this purpose, "bonded manufacturing · warehouse" refers to a warehouse established for the manufacture of products utilizing raw materials or components that are -I- imported duty and tax-free conditioned on the exportation of the finished products within the period prescribed or withdrawal for domestic consumption upon payment of duties and taxes, including VAT, provided that raw materials entered for consumption shall not exceed thirty percent (30%) of the volume of raw materials entered for warehousing.

b. Sales to persons or entities whose exemption from direct and indirect taxes under special laws or international agreements to which the Philippines is a signatory effectively subjects such sales to zero-rate.
c. Sale of raw materials, inventories, supplies, equipment, packaging materials and goods, to RBEs qualified for VAT zero rating on their local purchases under Title XIII of the Tax Code.

Q5: The regulation provides a condition for export-oriented enterprises whose export sales must comprise at least 70% of their total production: The Export Marketing Bureau (EMB) of the Department of Trade and Industry must issue a certificate. Is this the same as the document issued by the IPAs?

A5: **NO.** This is to be distinguished from the VAT zero-rating certification issued by the Investment Promotion Agencies (IPAs) on the sale of Registered Business Enterprises (RBEs) which is covered under Title XIII of the Tax Code.

Q6: What will happen if the export-oriented enterprise fails to meet the threshold for the percentage of its export sales?
A6: The export-oriented enterprise shall not be qualified from availing of VAT zero-rating on local purchases in the immediately succeeding year.

Q7: Our Company has been charged 12% VAT by our local supplier despite having a VAT Zero Rating Certificate from EMB. How do we go about this?
A7: This can be resolved by the export-oriented enterprise directly with the local supplier. Should there be a shift of classification, the export-oriented enterprise should surrender the invoice to the local supplier so the same may be replaced with VAT zero-rate. In proper cases, reimbursement of VAT paid may also be made in case the same has been paid.

Q8: Our Company is an RBE, what do we need to secure in order for our purchases to be VAT zero rated?
A8: VAT Zero Rating Certificate from the concerned Investment Promotion Agency (IPA)

Q9: We are an RBE and has been issued with a VAT Zero Rating Certificate, will we get audited in the future for our purchases?
A9: **YES.** Without prejudice to the issuance of a VAT Zero Rating Certificate, the BIR may conduct an audit to check or verify that the purchases are indeed directly attributable to the registered activity or business of the RBEs.

Q10: We are an RBE enjoying VAT Zero Rating. Can we avail of VAT Zero Rating after our Company's entitlement to it expires?
A10: **YES.** Under Section 106 of the Tax Code provided that it complies with the requirements set forth therein.

<u>SALE OF SERVICES</u>

Q11: What is a zero-rated sale of service?
A11**:** Zero-rated sale of service (by a VAT-registered person) is a taxable transaction for VAT purposes, but shall not result in any output tax. However, the input tax on purchases of services related to such zero-rated sale shall be available as tax credit or refund in accordance with these Regulations.

Q12: What are the services which are subject to Zero Percent (0%) VAT rate?
A12:

1. Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign

currency and accounted for in accordance with the rules and regulations of the BSP;

2. Services other than processing, manufacturing or repacking rendered to a person engaged in business conducted outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the BSP;
3. Services rendered to persons or entities whose exemption from direct and indirect taxes under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to zero percent (0%) rate;
4. Services rendered to persons engaged in international shipping or air transport operations, including leases of property for use thereof; Provided, that these services shall be exclusively for the international operations, not domestic operations, of persons engaged in international shipping or air transport operations. Thus, the services referred to herein shall not pertain to those made to common carriers by air and sea relative to their transport of passengers, goods or cargoes from one place in the Philippines to another place in the Philippines, the same being subject to 12% VAT under Sec. 108 of the Tax Code;
5. Services performed for an export-oriented enterprise. For purposes of this provision, "Export-Oriented Enterprise" refers to a person, natural or juridical, engaged in the sale of services from the Philippines to a foreign country or economy as contemplated under Section 4.108-S(b)(2) of these Regulations.
6. Transport of passengers and cargo by domestic air or sea vessels from the Philippines to a foreign country. Gross sales of international air or shipping carriers doing business in the Philippines derived from transport of passengers and cargo from the Philippines to another country shall be exempt from VAT; however, they are still liable to a percentage tax of three percent (3%) based on their gross sales derived from transport of cargo from the Philippines to another country as provided for in Sec. 118 of the Tax Code
7. Sale of power or fuel generated through renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal and steam, ocean energy, and other emerging sources using technologies such as fuel cells and hydrogen fuels; Provided, however, that VAT zero-rating shall apply strictly to the sale of power or fuel generated through renewable sources of energy, and shall not extend to the sale of services related to the maintenance or operation of plants generating said power.
8. Services, including provision of basic infrastructure, utilities, and maintenance, repair and overhaul of equipment, rendered to qualified RBEs as defined under Title XIII of the Tax Code, that are

directly attributable to the registered project or activity of the qualified RBE, including incidental expenses thereto.

Q13: It was mentioned that sale of service to export-oriented enterprise is subject to VAT at 0%. This means therefore that these taxpayers are entitled to VAT 0% on their local purchases (and VAT 0% on the output of the seller. What are the requirements to qualify for this?

A13: To qualify for VAT zero-rating under this provision, the following conditions shall be necessary:

i. Export sales of the export-oriented enterprise is at least seventy percent (70%) of the total annual production of the preceding taxable year. For this purpose, "total annual production" for services refers to the value of services rendered by the export-oriented enterprise during the taxable year;
ii. Such services are directly attributable to the export activity of the export-oriented enterprise. For this purpose, "directly attributable' shall refer to services that are incidental to and reasonably necessary for the export activity of the export-oriented enterprise, including janitorial, security, financial, consultancy, marketing and promotion services, and services rendered for administrative operations such as human resources, legal and accounting; and
iii. The EMB of the DTI shall determine compliance with the aforementioned threshold through the issuance of a certification. This certification is to be distinguished from the VAT zero-rating certification issued by the Investment Promotion Agencies (IPAs) on the sale to Registered Business Enterprises (RBEs) which is covered under Title XIII of the Tax Code.

Q14: What will happen if an export-oriented enterprise fails to meet the threshold of 70%?
A14: Any export-oriented enterprise that fails to meet the threshold shall not be qualified to avail of VAT zero-rating on local purchases in the immediately succeeding year.

Q15: Who is required to apply for VAT Zero Rating
A15: The Export-Oriented Enterprise shall be required to secure a VAT-Zero Rating Certificate from the EMB. The EMB shall determine the compliance of the export-oriented enterprise with the threshold.

Q16: We are an RBE providing services. The period within which we can avail of VAT-Zero Rating on Local Purchases has already expired, can we still avail of VAT Zero Rating?
A16: **YES.** So long as it qualifies as Zero Rated under Section 108 of the Tax Code.

Q17: We provide HMOs to our employees. We are an RBE. Are we entitled to VAT Zero Rating on it?
A17: **YES.** Only insofar as the HMO was provided to employees directly involved in the operations of their registered projects or activities and forming part of their compensation package shall be considered as "directly attributable" in the registered project or activity of the qualified RBEs subject to the conditions provided under the existing laws, rules and regulations regarding the availment thereof. This excludes HMO coverage or benefits extended to family member/s or assigned beneficiary/ies of the employees.

Q18: We are an RBE, how do we avail of VAT Zero Rating on Local Purchases?
A18: On the basis of VAT Zero Rating Certificate issued by the IPAs.

Q19: The CREATE MORE has amended certain provisions of the Tax Code, particularly on VAT-exempt transactions, what are the pertinent provisions of Revenue Regulations are amended?
A19: Section 4.109 on VAT Exempt Transactions which now reads as follows:

(B) Exempt transactions. - The following transactions shall be exempt from VAT:

XXX XXX XXX

(u) Importation of fuel, goods, and supplies used for international shipping or air transport operations. Said fuel, goods and supplies shall be used exclusively or shall pertain to the transport of goods and/or passenger from a port in the Philippines directly to a foreign port, or vice versa, without docking or stopping at any other port in the Philippines unless the docking or stopping at any other Philippine port is for the purpose of unloading passengers and/or cargoes that originated from abroad, or to load passengers and/or cargoes bound for abroad; Provided, further, that if any portion of such fuel, goods or supplies is used for purposes other than that mentioned in this paragraph, such portion of fuel, goods and supplies shall be subject to twelve percent (12%) VAT;

XXX XXX XXX

(dd) Importation of goods by an export-oriented enterprise whose export sales is at least seventy percent (70%) of the total annual production or sales of the preceding taxable year: Provided, That such goods are directly attributable to the export activity of the export-oriented enterprise: Provided, further, That the EMB of the DI shall determine the compliance with the aforementioned threshold. For this purpose, 'directly attributable' shall follow the same definition under Section 4.106(a)(3)(ii) of these Regulations."

Q20: Are we allowed to claim for VAT refund or Credit Certificate
A20: **YES.** A VAT-registered person whose sales of goods, properties or services are zero-rated or effectively zero-rated may apply for the issuance of a cash refund of input tax attributable to such sales. The input tax that may be subject of the claim shall exclude the portion of input tax that has been applied against the output tax. The application should be filed within two (2) years after the close of the taxable quarter when such sales were made. In case of zero-rated sales under Secs. 106(A)(2)(a)(1) and (3), Secs. 108(B)(L) and (2) of the Tax Code, the payments for the sales must have been made in acceptable foreign currency duly accounted for in accordance with the BSP rules and regulations. Where the taxpayer is engaged in both zero-rated or effectively zero-rated sales and in taxable or exempt sales of goods, properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, only the proportionate share of input taxes allocated to zero-rated or effectively zero-rated sales can be claimed for refund or issuance of a tax credit certificate. In the case of a person engaged in the transport of passenger and cargo by air or sea vessels from the Philippines to a foreign country, the input taxes shall be allocated ratably between his zero-rated sales and non-zero-rated sales (sales subject to regular rate and VAT-exempt sales).

Q21: How a VAT cash refund or tax credit certificate may be made when the taxpayer has cancelled its VAT registration?
A21: A VAT-registered person whose registration has been cancelled due 10 retirement from or cessation of business, or due to changes in or cessation of status under Sec. 106(C) of the Tax Code may, within two (2) years from the date of cancellation, apply for the issuance of tax credit certificate or cash refund for any unused input tax which he may use in payment of his other internal revenue taxes or apply for refund for any unused input tax: Provided, however, that the taxpayer- claimant shall be entitled to a refund if it has no internal revenue tax liabilities against which the tax credit certificate may be utilized: Provided further, that for purposes of dissolution or cessation of business, the date of cancellation being referred hereto is the date of the issuance of BIR Tax Clearance.

Q22: The taxpayer wants to file for a refund/credit, where this can be filed?
A22: Claims for tax credits refunds shall be filed with the appropriate BIR Office in accordance with the existing rules and regulations.

Q23: What is the period within which to file the claim for refund or credit?
A23:

(1) In proper cases, the CIR shall grant refund for creditable input taxes within ninety (90) days from the date of submission of certified true

copy copies of invoices and other documents specifically limited to those prescribed in the revenue issuances and in support of the application filed in accordance with Subsections (a) and (b) hereof: Provided that, should the CIR find that the grant of refund is not proper, the CIR must state in writing the legal and factual basis for the denial. The 90-day period to process and decide shall start from the filing of the claim up to the release of the payment of the approved VAT refund: Provided that, the claim/application is considered to have been filed only upon submission of the duly certified copies of invoices and other documents in support of the application as prescribed under pertinent revenue issuances.

(2) The taxpayer shall have fifteen (15) days from receipt of the full or partial denial to file a request for reconsideration. The request for reconsideration shall be limited only to questions of law on the full or partial denial of the claim for refund. Additional documentary requirements particularly those unsubmitted/unsupported mandatory requirements during the filing of the claim shall not be accepted. The CIR or his duly authorized representative shall decide on the request for reconsideration within fifteen (15) days from receipt thereof. Failure to file a request for reconsideration within the fifteen (15)-day period shall render the decision final.

(3) In case of full or partial denial of the request for reconsideration, or failure on the part of the CIR to act on the application for refund or request for reconsideration within the periods prescribed above, the taxpayer affected may appeal with the CTA within thirty (30) days: i. after the expiration of the ninety (90)-day period to decide on the application for refund, in cases where no action is made by the CIR on the application for refund; or ii. from the receipt of the decision denying the request for reconsideration; or ili. after the lapse of the fifteen (I5)-day period to decide on the request for reconsideration in cases where no action is made by the CIR on the request for reconsideration.

When no decision is rendered within the 90-day period or the 15-day period, as the case may be, and the taxpayer-claimant opted to seek for a judicial remedy within thirty (30) days from such period, the administrative claim for refund or the request for reconsideration shall be considered moot and shall no longer be processed.

(4) Failure on the part of any official, agent, or employee of the BIR to act on the application for VAT refund within the ninety (90)-day period end on the request for reconsideration within the fifteen (I5)-day period shall be punishable under Section 269(J) of the Tax Code. Provided further that, in the event that the 90-day period to decide on the application for refund, or after the lapse of the fifteen (15)-day period to decide on the request for reconsideration has lapsed without having the refund released to the taxpayer-claimant, the VAT

refund claim may still continue to be processed administratively. However, the BiR official, agent or employee who has found to have deliberately caused the delay in the processing of the VAT refund claim may be subjected to penalties imposed under the said Section.

Q24: What is risk-based verification on VAT refund claims?

A24: VAT refund claims shall be classified into low-, medium-, and high-risk, with the risk classification based on the amount of VAT refund claim, tax compliance history, frequency of filing vat refund claims, among others: Provided, that medium- and high-risk claims shall be subject to audit or other verification processes in accordance with the BIR's national audit program for the relevant year.

Q25: How is refund given?

A25: Refund shall be made upon warrants drawn by the CIR or by his duly authorized representative without the necessity of being countersigned by the Chairman, Commission on Audit (COA), the provisions of the Revised Administrative Code of 1987 to the contrary notwithstanding: Provided, that refunds under this paragraph shall be subject to post audit by the COA following the risk-based classification above-described: Provided, further, That the BIR shall publish statistics on the aggregated volume, processing time, approval rate of refund claims, and other relevant statistics in their official website; Provided, further, that in case of disallowance by the COA, only the taxpayer shall be liable for the disallowed amount without prejudice to any administrative liability on the part of any employee of the BIR who may be found to be grossly negligent in the grant of refund.

Q26: What is VAT Refund Center?

A26: The Department of Finance shall establish a VAT refund center in the BIR and in the Bureau of Customs (BOC) that will handle the electronic processing and granting of cash refunds of creditable input tax. In the absence of automated processing, the existing procedures shall apply.

Q27: What claims these new rules will be applicable?

A27: These new rules shall be applicable for claims under Section 112(A) and 112(B) of the Tax Code effective April 1, 2025.

You may check this revenue issuance at: RR No. 10-2025 (1).pdf

REVENUE REGULATIONS 11-2025

The Bureau of Internal Revenue has issued Revenue Regulation 11-2025, mandating certain taxpayers to issue electronic invoices and transmit sales data to the Bureau of Internal Revenue.

Q1: What is Electronic Invoice?

A1: It is a written account evidencing the sale, exchange or transfer of goods, properties, services and/or lease/use of properties, issued in the ordinary course of trade or business, using an accounting/invoicing software or

system with invoice management tools that is registered/accredited with the Bureau of Internal Revenue (BIR), containing the vital information as prescribed in the existing rules and regulations. It is a system-generated invoice issued to the buyers electronically in a digital/electronic format (e.g. via email as Portable Document Format (PDF) attachments or email content or through electronic viewing in mobile or system application) or subsequently printed: Provided that, it is system-generated in a structured invoice data which can be easily extracted electronically from the invoice and its data can be readily transmitted electronically to the BIR for electronic sales reporting.

Q2: I have a physical invoice, I scanned it, does it make an Electronic Invoice?
A2: **NO.**

Q3: What is an electronic invoicing?
A3:This refers to the automated process of generating an electronic invoice in a structured invoice data which can be casily extracted clectronically from the invoice allowing for automated electronic data processing. It involves the electronic exchange of an electronic invoice that records a transaction between a seller and a buyer. This can be a one-way electronic exchange where the seller sends the electronic invoice to the buyer.

Q4: What is an Electronic Sales Reporting System?
A4: This refers to the electronic reporting or process of storing, transmitting and/or receiving the electronic invoice data, through direct system-to-system data transfer without manual entry, to the BIR in a structured electronic format [e.g. JavaScript Object Notation (JSON) file formal or Extensible Markup Language (XML) and such other format as may be prescribed by the BIR] and not in PDF or image formal, etc. The electronic invoice data contains sales information from sellers to buyers and may also contain payment information made by the buyers.

Q5: What is Electronic Commerce (E-Commerce)?
A5: This refers to any commercial transaction conducted through electronic, optical, and similar medium, mode, instrumentality and technology. The transaction includes the sale or offer for sale, purchase of physical or digital goods and services, or lease or offer for lease of the same, between individuals, households, businesses, and governments conducted over computer-mediated networks through the Internet, mobile phones, electronic data interchange (EDI), or other electronic channels through open or closed networks. These may be digitally ordered, digitally delivered or platform-enabled transactions. For purposes of these Regulations, internet transactions shall also refer to e-commerce.

Q6: What is internet transaction?
A6: This refers to the sale or offer of sale, or lease or offer for lease, of digital or non-digital goods and services over the internet.

A. Issuance of Electronic Invoice

Q7: Who are those mandated to issue electronic invoice?
A7:

a. Taxpayers engaged in electronic commerce (e-commerce) or internet transaction
b. Taxpayers under the jurisdiction of the Large Taxpayers Service (LTS)
c. Taxpayers classified as Large Taxpayers under R.A. 11976 (Ease of Paying Taxes Act) and RR. 8-2024
d. Taxpayers using Computerized Accounting System (CAS), and Computerized Books of Accounts with Accounting Records (with Electronic Invoicing) and other invoicing software
e. Upon establishment by the BIR of a system capable of storing and processing the required data to be transmitted to it, the following taxpayers are mandated to issue electronic invoices:

    i. Taxpayers engaged in the export of goods and services pursuant to Sections 106 and 108 of the Tax Code, as amended except those falling under Section 3(A)(4) hereof;
    ii. Registered Business Enterprise availing of Tax Incentives under Section 304(D) of the Tax Code, as amended, except those falling under Section 3(A)(4) hereof
    iii. Taxpayers using Point-of-Sales (POS) System; and
    iv. Other taxpayers as may be required by the Commissioner.

In case the above taxpayers or business activities are registered as a Branch Office, the taxpayers' head office and all its branch offices shall be mandated to issue electronic invoice.

Q8: Are invoices generated from CAS and CBA with accounting records, Cash Register Machines (CRM) POS System and other software which are not capability or readiness to electronically report the sales and invoice data considered as electronic invoice?
A8: **NO.** They shall be considered or classified as traditional, manually issued invoices.

B. Electronic Sales Reporting Requirements (as defined in Section 2(3) of these Regulations)

Q9: Who are required to transmit data to the Electronic Sales Reporting System?
A9: The following taxpayers are required to transmit data to Electronic Sales Reporting System:

a. Taxpayers engaged in electronic commerce (e-commerce) or internet transaction
b. Taxpayers under the jurisdiction of the Large Taxpayers Service (LTS)
c. Taxpayers classified as Large Taxpayers under R.A. 11976 (Ease of Paying Taxes Act) and RR. 8-2024
d. Taxpayers using CAS and CBA with electronic invoicing and other invoicing software
e. Taxpayers engaged in the export of goods and services pursuant to Section 304(D) of the Tax Code as amended.
f. Taxpayers using POS System; and
g. Other taxpayers as may be required by the Commissioner.

Q10: When is going to be the start of the implementation?
A10: Upon establishment by the BIR of a system capable of storing and processing the required data to be transmitted to the Electronic Sales Reporting System.

Q11: What are the data to be transmitted by enterprises required to transmit data to the Electronic Sales Reporting System?
A11: Taxpayer's sales data subject to the rules and regulations to be issued by the BIR.

C. Taxpayers Engaged in E-Commerce

Q12: Who are those considered engaged in e-commerce?
A12: Taxpayers engaged in e-commerce shall cover persons, whether natural or juridical, who are engaged in the following trade or business in the Philippines, including but not limited to:

a. E-commerce or online businesses, whether formal or informal, including sale, procurement, or availment of physical or digital goods (including virtual items in online games), digital content/products, digital financial services, entertainment services, social commerce, on-demand labor and repair services, and property and space rentals;
b. Operation of digital platforms, including e-marketplace platforms;
c. Sale and/or lease of goods and services through digital platformsl
d. Digital content creation and streaming that are income generating including online advertising, blogging/vlogging, subscription or commission;
e. E-retailing of goods and services;
f. Sale of creative or professional services, on-demand or freelance services or digital services supplied over the internet;

g. On-demand services over the internet, available whenever a customer request them, rather than being provided on a fixed schedule such as, but not limited to, ride-sharing, food delivery, grocery delivery, home services (like cleaning or repairs), and streaming entertainment
h. Transport and Delivery Services contracted through an online platform, application, website, webpage or other similar platform operated by the provider, regardless of whether the provider is authorized to engage in e-commerce in the Philippines; and
i. Other form of businesses other than those mentioned above which are conducted online.

Q13: Is taxpayer required to issue Electronic Invoices and/or use Electronic Sales Reporting System or taxpayer who issue or use the same voluntarily, entitled to the deduction of the cost it incurred for setting of the electronic sales reporting system?
A13: **YES.** An additional deduction is allowed, to wit:

Taxpayer Classification	**Allowed Additional Deductions from Taxable Income**
Micro and Small Taxpayers	100% of the total cost for setting up an electronic sales reporting system
Medium and large taxpayer	50% of the total cost for setting up an electronic sales reporting system.

Q14: How many times could the taxpayer make this additional deduction?
A14: Only once within the taxable year the electronic reporting system has been completed or final payment has been made. The importation of such electronic sales reporting system shall also be exempt from taxes.

Q15: Are micro taxpayers based on the Ease of Paying Taxes Act required to comply to use and issue electronic invoice?
A15: **YES.**

Q16: If the micro taxpayer wishes to comply despite exemption under the revenue issuance of the BIR, can they opt to do so?
A16: They have the option to comply notwithstanding exemption.

Q17: Is not compliance by taxpayers that are required to comply subject to penalty?
A17: **YES.** Non-compliance is subject to penalty.

Q18: What is the period within which certain taxpayers have to comply with the requirement of electronic invoicing? Who are those taxpayers given this period?
A18: Within one (1) year from the effectivity of the regulation, the following are required to comply with the electronic invoicing requirements (issuance of electronic invoice):

a. Taxpayers engaged in electronic commerce (e-commerce) or internet transaction
b. Taxpayers under the jurisdiction of the Large Taxpayers Service (LTS)
c. Taxpayers classified as Large Taxpayers under R.A. 11976 (Ease of Paying Taxes Act) and RR. 8-2024

Q19: For all other taxpayers which compliance is based on the establishment of a system capable of storing or processing the required data by the BIR, when they should comply with the requirements of this Regulation?
A19: A separate Revenue Regulations shall be issued for this purpose.

Q20: When this revenue issuance become effective?
A20. This revenue issuance was issued on 27 February 2025 and shall become effective fifteen (15) days thereafter.

You may check this revenue issuance at: RR No. 11-2025.pdf

B. REVENUE MEMORANDUM CIRCULAR

REVENUE MEMORANDUM CIRCULAR 14-2025

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 014-2025 which seeks to clarify certain issues pertaining to the mandatory requirements for tax credit or refund of excess/unutilized Creditable Withholding Tax (CWT) on income pursuant to Section 76(C) in relation to Sections 204(C) and 229 of the National Internal Revenue Code.

I. Clarification to certain provisions and requirements

Q1: Annex A.2. or the checklist of mandatory requirements for taxpayers undergoing cessation of business is silent as to whether or not Certificate of Creditable Tax Withheld at Source (BIR Form 2307) should be submitted in the original or copies only. Will this result in the disallowance of the CWT if the taxpayer submitted scanned, facsimile, photocopy, or a notarized certified copy of the original or electronic document is considered duplicate only?

A1: NO. The submission of document to the BIR is not limited to physical document but also through but not limited to electronic mails, facsimile, cellphones, or other emerging technologies. Thus, copies of the BIR Form 2307 need not be in the original. This will go through the verification process of the BIR to determine the authenticity and veracity of the claimed BIR Form No. 2307 by comparing the CWT

claimed per SAWT submitted by the taxpayer claimant against the annual or quarterly Alphalist of Payees attached in 1604E or 1601E whichever is applicable. If the data matches, the BIR can be assured that the BIR Form 2307 of the taxpayer-claimant is valid and authentic.

Q2: If the taxpayer claimant is engaged in real estate business, should the Withholding Tax Remittance Return for Onerous Transfer of Real Property Other Than Capital Asset (BIR Form No. 1606) be in the original as required in Annex A.1?

A2: **NO.** A reproduction of the original copy of the said form would be sufficient subject to verification process.

Q3: What will be the basis for claim of unutilized CWT of individuals considering that Section 76(C) of the Tax Code only covers corporations?

A3: The claim may be anchored under Section 58(E) of the Tax Code.

Q4: RMC 75-2024, RMO 25-2024 and Section 76(C) pertains to claims of income tax credit or refund of corporations. Will a new set of documentary requirements be required for individual taxpayer-claimants?

A4: **YES.** A new set of documentary requirements will be prescribed. However, the general policies and guidelines under RMC No, 75-2024 and the procedures prescribed under RMO No. 25-2024 remain the same for both corporate and individual taxpayers.

Q5: What is the effect of filing of claim for income tax credit/refund or the issuance of Electronic Letter of Authority, whichever comes first on the right to amend the tax return?

A5: The Taxpayer is precluded from amending the return.

You may access this revenue issuance at: RMC No. 14-2025.pdf

Its annexes on the other hand may be accessed at: RMC 14_Annexes A.1-A.4.pdf

REVENUE MEMORANDUM CIRCULAR 015-2025

Extension of Deadline

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 015-2025 dated 25 February 2025, introducing the availability of the Alphalist Data Entry and Validation Module Version 7.4. In this connection, the deadline of submission of the alphalists for the taxable yeawr 2024 under BIR Form Nos. 1604C, 1604F, 1601EQ and 1601FQ shall be thirty (30) days immediately after the date of posting in the BIR website of the Circular. This was posted on the website on 25 February 2025 and the deadline is thereby adjusted to March 27, 2025.

Alphalist submitted using Version 7.3 with error message

In case that a prior submission was made through Version 7.3. but with error reply messages from the eSubmission facility of the BIR, the concerned taxpayer shall resubmit using the upgraded version of the module upon its availability thereof within the same extended period.

Taxpayer with own extract program

The same shall comply with the revised file structures and standard naming conventions for the said module under Annexes "A" and "B".

You may refer to the attached file for your complete reference.

You may access this revenue issuance at: RMC No. 15-2025.pdf

REVENUE MEMORANUDUM CIRCULAR 016-2025

Revenue Memorandum Circular 016-2025 was issued on 26 February 2025, reminding tax compliance requirements related to May 12, 2025, National and Local Elections based on the BIR's earlier issuance in Revenue Memorandum Circular 97-2023. The following are the simplified questions and answers related thereto:

Q1: Is it necessary for the candidate to register with the BIR and pay the Annual Registration Fee?

A1: **NO.** However, when transacting with the government, the candidate may register under E.O. 98 in such a case, the candidate shall not be required to pay the annual registration fee pursuant to the Ease of Paying Taxes Act.

Q2: What are BIR-related requirements if a candidate becomes involved in business or accepts donations and makes campaign-related purchases or other financial activities after filing their candidacy?

A2: They need to update their registration with the Revenue District Office where they are registered. No Annual Registration Fee is required.

Q3: What is the obligation of a candidate, political party, or contributor in relation to its campaign-related income payment?

A3: Campaign-related purchases of candidates, political parties, or contributors, whether natural or juridical, are generally subject to five percent (5%) creditable withholding tax pursuant to Revenue Regulations 11-2018.

Q4: What records should all candidates maintain?

A4: All records of contributions, donations, and expenditures that will be used for the preparation of the Statement of Contributions and Expenditures

Q5: What are the required documents when candidates receive donations?

A5: Non-VAT BIR Printed Invoices from the RDO where the candidate is registered.

Q6: Are there penalties for non-compliance?

A6: Candidates who fail to register is subject to penalty under existing laws and issuances.

You may access this revenue issuance at: RMC No. 16-2025.pdf

C. SECURITIES AND EXCHANGE COMMISSION

SEC OGC OPINION 25-01

The Securities and Exchange Commission has issued SEC OGC Opinion 25-01, which addresses whether a foreign national can serve as President of a domestic corporation. The Securities and Exchange Commission, through the Office of the General Counsel, states that while the Revised Corporation Code imposes no restrictions on foreigners holding corporate positions, Section 2-A of the Anti-Dummy Law, as amended, clearly prohibits aliens from intervening in the management, operation, administration, or control of nationalized or partly nationalized undertakings. When referring to "nationalized" or "partly nationalized" undertakings, it means that these undertakings are reserved exclusively for Filipino citizens by the constitution or law.

Succinctly put, a foreign national can, as a general rule, sit as president of the Corporation except when the line of business in which the corporation is engaged is considered as nationalized or partly nationalized.

You may access the opinion at: SEC OGC 25-01

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