



# **MCC TAX AND OTHER RELEVANT UPDATES**

**Period Covered: June 2024**



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

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## **IMPORTANT UPDATES:**

<b>A. REVENUE REGULATIONS</b>		
<b>ISSUANCE</b>	<b>DATE ISSUED</b>	<b>SUBJECT</b>
RR No. 11-2024	June 13, 2024	Amending the transitory provisions of Revenue Regulations No. 7-2024 relative to the deadlines for <b>compliance with the invoicing requirements</b>
RR No. 12-2024	June 20, 2024	Amending Sections 5 and 6 of RR No. 3-2019 on the <b>validity of Certificate Authorizing Registration and its revalidation</b>
<b>B. REVENUE MEMORANDUM CIRCULAR</b>		
RMC No. 65-2024	June 14, 2024	Clarifies certain issues relative to the implementation of Section 19 of RA No. 11976 ( <b>Ease of Paying Taxes Act</b> ), which added Section 110(D) of the National Internal Revenue Code of 1997, as amended (Tax Code), that <b>introduced the Output VAT Credit on uncollected receivables</b>
RMC No. 66-2024	June 14, 2024	<b>Submission of Inventory Report and Notice in Compliance with Transitory Provisions of Revenue Regulations No. 7-2024 relative to the invoicing requirements</b>
RMC No. 67-2024	June 18, 2024	Clarifying the <b>Deadline for Filing of Documentary Stamp Tax Return</b> and Payment of the Corresponding Taxes
RMC No. 68-2024	June 19, 2024	Circularizing the <b>availability of the revised BIR Form No. 2550Q [Quarterly Value-Added Tax (VAT) Return] April 2024 (ENCS)</b>

## **DISCUSSION OF UPDATES**

### **A. REVENUE REGULATIONS**

#### **REVENUE REGULATIONS 11-2024**

The Bureau of Internal Revenue has issued Revenue Regulations 11-2024 **amending the pertinent transitory provisions of Revenue Regulations 7-2024** concerning the use of unused official receipts upon the effectivity of the Regulation. Below summarizes the salient provisions of the revenue issuance:

- **Certificate of Registration – COR shall be valid even displaying the Annual Registration Fee.** Replacement to remove the Annual Registration Fee in the Certificate of Registration shall be optional to the taxpayer.
- **Unused Receipts**
  - a. *Converting the Unused Official Receipts to Supplementary Document.*

**Unused Official Receipts may be used as Supplementary Document until fully consumed upon the effectivity of the Regulation.** As a Supplementary Document, it is not valid basis for VAT and percentage tax liability. Thus, it should bear the phrase “NOT VALID CLAIM FOR INPUT TAX” by stamping the same on its face. No inventory is needed to be submitted to the BIR.

- b. Converting the Unused Official Receipts and Billing Statement/ Statement of Account/Statement of Charges to Invoice*

The **Unused Official Receipts shall be allowed to be used until fully consumed provided that the word “Official Receipt” has been strikethrough and replaced by stamping the word “Invoice” “Cash Invoice” “Service Invoice” or any such name describing the transaction.** The use of the unused Billing Statement shall also follow the same process of striking through.

In both cases, **the use of the Official Receipt and Billing Statement converted to Invoice shall be valid for transactions from April 27, 2024, until fully consumed and thus shall be valid for claim of input tax so long as the required information under Revenue Regulations 7-2024, Section 3(D)(3) are present.** A report of the unused Official Receipts or Billing Statement to be converted to invoice should be submitted to the Revenue District Office on or before July 31, 2024.

- **Cash Register Machines (CRM) and Point-of-Sales (POS) Machines and E-Receipting or Electronic Invoice Software**

There is no necessity to inform the Revenue District Office of the change in name from Official Receipt to “Invoice”, “Cash Invoice”, “Charge Invoice”, “Credit Invoice”, “Billing Invoice” or any name describing the transaction for taxpayers using Cash Register Machines (CRM) and Point-of-Sales (POS) Machines and E-Receipting or Electronic Invoice Software as this is only considered as minor changes. The serial number of these converted invoices shall start by continuing the last series of the approved Official Receipt and shall submit notice with the RDO/LT Office/LT Division within 30 days from the completion of reconfiguration/ enhancement or on December 31, 2024, whichever is earlier.

**Documents issued by the CRM/POS Machines shall be valid for claiming of input tax from April 27, 2024, until December 31, 2024, or until the reconfiguration/ enhancement is completed whichever comes first** provided that the required information under Section 3(D)(3) of Revenue Regulations 7-2024 are present.

- **Computerized Accounting System (CAS) / Computerized Books of Accounts (CBA) with Accounting Records (AR)**

Taxpayers using Computerized Accounting System (CAS) / Computerized Books of Accounts (CBA) with Accounting Records (AR) **shall need to revisit their system to comply with the EOPT Act as the enhancement is considered a major enhancement. Reconfiguration of the system is allowed until December 31, 2024, and can be extended for a period not exceeding six months from December 31, 2024, but only upon approval.**

- **Effect of Issuance of “Official Receipt” as invoice without complying with the requirements of the Regulations after the period mentioned for their transitory validity.**

- a. Manual Official Receipts*

Issuing **Official Receipts without converting them to invoice will not be considered valid for claim of input tax starting April 27, 2024**, and shall be considered as non-issuance of invoice and thus subject to penalty amounting to Php1,000.00 to not exceeding Php50,000.00 plus imprisonment from 2 years up to 4 years.

- b. *CRM Machines/POS Machines, e-receipting, electronic invoicing software, CAS/CBA with Accounting Records (AR)*

Issuance of **Official Receipt issued after December 31, 2024, or until the completion of the enhancement whichever comes first, will not be considered valid for claim of input tax starting April 27, 2024**, and shall be considered as non-issuance of invoice and thus subject to penalty amounting to Php1,000.00 to not exceeding Php50,000.00 plus imprisonment from 2 years up to 4 years.

Source: [RR No. 11-2024.pdf \(bir.gov.ph\)](#)

## **REVENUE REGULATIONS 12-2024**

The Bureau of Internal Revenue has issued Revenue Regulations 12-2024 **which amends Revenue Regulations 3-2019 removing the five (5) year validity of the Electronic Certificate Authorizing Registration**. The new Regulation stated that the ECAR shall be valid from the date of its issuance until its presentation with the Registry of Deeds (RD) and only those that have been issued outside the BIR ECAR System (Manual ECAR), if any shall be allowed for revalidation.

Source: [RR No. 12-2024.pdf \(bir.gov.ph\)](#)

## **B. REVENUE MEMORANDUM CIRCULAR**

### **REVENUE MEMORANDUM CIRCULAR 65-2024**

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 65-2024 **to clarify certain issues** relative to the implementation of Section 110(D) of the National Internal Revenue Code, **concerning the output VAT Credit on uncollected receivables**. The following are the simplified questions and answers:

#### **Q1: What is the rationale of Section 110(D) of the National Internal Revenue Code?**

A1: The Value-Added Tax (VAT) is now to be paid on sale, lease or barter, regardless of whether the payment has been received or not. This means therefore that sellers on credit have to pay the Value-Added Tax even no payment has been made by the buyer yet. The problem arises the receivable becomes uncollectible after the buyer fails to pay after the agreed upon period. In this case, the remedy is provided under Section 110(D) of the NIRC which provides that except when the VAT from uncollected receivable has been deducted as bad debts, then it can be deducted from the next quarter's output VAT.

#### **Q2: What is the meaning of the phrase "after the lapse of the agreed upon period to pay"?**

A2: The lapse of the period without the buyer having fulfilled its promise to pay.

#### **Q3: Who can claim or deduct output VAT on credit or uncollected receivables?**

A3: Seller to be deducted from the output VAT of the next quarter after the lapse of the agreed upon period to pay.

#### **Q4: What are the requisites to credit the VAT paid on uncollected receivables?**

A4: The following are the requisites for the VAT on uncollected receivables may be deducted:

- a. The sale or exchange has taken place after the effectivity of RR No. 3-2024.
- b. The sale is on credit or on account
- c. There is a written agreement on the period to pay the receivable;
- d. The VAT is separately shown on the invoice
- e. The sale is specifically reported in the Summary List of Sales covering the period when the sale was made and not reported as part of "various" sales;
- f. The seller declared in the BIR Form No. 2550Q or the quarterly VAT Return (QVR) the corresponding output VAT indicated in the invoice within the period prescribed under the existing rules;
- g. The period agreed upon, whether extended or not, has lapsed; and
- h. The VAT Component of the uncollected receivable was not claimed as a deduction from gross income pursuant to Section 34(E) of the Tax Code.

**Q5: Do the preceding rules have an effect on the deductibility of bad debts expense of purposes of income tax?**

A5: No effect as it does not amend the conditions on deductibility of bad debts expense in the income tax.

**Q6: Is the seller automatically required to credit the VAT paid every time that there is uncollected receivable after the lapse of the agreed upon period?**

A6: No. Availing of this benefit is only optional.

**Q7: When to claim the output VAT on Uncollected Receivables?**

A7: The next quarter after the lapse of the agreed upon period to pay.

**Q8: What happens if the Uncollected Receivable whose VAT has already been claimed as VAT credit after the same has been collected subsequently?**

A8: The corresponding VAT from the uncollected receivable which has been claimed as VAT credit shall be declared and reported in the taxable quarter where the recovery or collection was made. Failure to do so is subject to penalty.

**Q9: What is the effect on the input tax claimed by the delinquent buyer when the seller availed of the output VAT Credit on uncollected receivable?**

A9: The input VAT claimed by the buyer shall be disallowed.

**Q10: How will the seller document the particular sales on account where the corresponding output VAT credit was claimed for being uncollected receivable?**

A10: By the seller stamping the duplicate or triplicate copies of the invoice with the phrase "Claimed Output VAT" This does not preclude the taxpayer from issuing a supplementary sales document such as credit memo or credit note on top of stamping of "Claimed Output VAT Credit"

**Q11: Is the seller required to provide the buyer a copy of the invoice stamped with the phrase "Claimed Output VAT Credit" and credit memo or credit note to the buyer.**

A11: Yes for the purpose of adjusting and deducting the input VAT claimed. Conversely, the buyer can voluntarily reverse the input VAT claimed in its QVR.

**Q12: What is the implication of buyer's failure to adjust or deduct the input VAT from an uncollected receivable?**

A12: The buyer shall be liable for the deficiency VAT due including penalties.

**Q13: How the output VAT be presented in the return?**

A13: As a work-around procedure or until such time that a new version of the BIR Form No. 2550Q has been issued for this purpose, the seller and the buyer shall reflect the corresponding output VAT as follows:

Filer	Version Used	Seller	Buyer
EFPS	February 2007 (ENCS)	Line 23E "Others	Line 20E "Others
Ebir Forms and Manual Filers	January 2023 (ENCS)	Line 53 "Others and indicate "Output VAT on Recovered Previously Claimed Uncollected Receivable"	Line 40 "Others" and indicate "Input VAT on Paid Purchases on Account Previously Unsettled"

**Note:** The Bureau of Internal Revenue has issued Revenue Memorandum Circular 68-2024 which introduces the new 2550Q compliant with the provisions of Ease of Paying Taxes Act.

**Q14: How should the sale be declared in the Summary List of Sales for the purpose of claiming the VAT Credit on uncollected receivables?**

A14: The customer/ buyer should be identified in the Summary List of Sales. Lump sum of sales into various is not allowed for the purpose of VAT credit claim otherwise it shall be disallowed for claiming.

**Q15: Who are those NOT qualified for claim of VAT credit on uncollected receivables?**

A15: The following are not qualified to claim VAT credit on uncollected receivables:

- Cannot Be Located (CBL) Taxpayers
- Those with duly filed complaints at the Department of Justice under the Run After Fake Transaction (RAFT) and Run After Tax Evaders (RATE) programs
- Other taxpayers that may be identified by the Commissioner

**Q16: What happens if the goods were returned during the agreed upon period to pay and the output VAT is not yet paid?**

A16: The return is treated as sales return and therefore a deduction from gross sales in the quarter where the goods were returned.

**Q17: What happens if the goods were returned and accepted by the seller but the claim for output VAT credit has been made?**

A17: This is treated as sales return for purposes of VAT, no deduction on sales and output VAT shall be allowed since the claim for output VAT credit has already been made.

**Q18: What are the implications if there is partial or full collection of the previously uncollected receivable for which output VAT credit output had been claimed?**

A18: In case of partial or full recovery of the uncollected receivable, the output VAT pertaining to that partial collection shall accrue and must be added to the output VAT of the seller during the period of recovery;

**Q19: Is the seller required to issue invoice upon the recovery of previously uncollected receivable?**

A19: No. The seller just need to stamp the invoice which is the source of the previously uncollected receivable as "Recovered" and the amount collected if partial. The Seller is not precluded from issuing supplementary sales document such as debit memo or debit note to serve as proof thereto.

**Q20: How should the output VAT of recovered or subsequently collected receivables be presented/ declared in the VAT return?**

A20: As a work-around procedure or until such time that a new version of the BIR Form No. 2550Q has been issued for this purpose, the seller and the buyer shall reflect the corresponding output VAT as follows:

Filer	Version Used	Seller	Buyer
EFPS	February 2007 (ENCS)	Line 23E "Others	Line 20E "Others
Ebir Forms and Manual Filers	January 2023 (ENCS)	Line 53 "Others and indicate "Output VAT on Recovered Previously Claimed Uncollected Receivable"	Line 40 "Others" and indicate "Input VAT on Paid Purchases on Account Previously Unsettled"



**Note:** The Bureau of Internal Revenue has issued Revenue Memorandum Circular 68-2024 which introduces the new 2550Q compliant with the provisions of Ease of Paying Taxes Act.

**Q21: Will the outstanding receivables on sale of goods where the corresponding output VAT has been declared but the period to collect has already lapsed as of the effectivity of RR NO. 3-2024 qualify for output VAT credit under Section 110(D) of the Tax Code?**

**A21:** No. The output VAT credit on uncollected receivables shall only apply to **sales of goods and/or services on account that transpired upon the effectivity of Revenue Regulations No. 3-2024**

Source: [RMC No. 65-2024.pdf \(bir.gov.ph\)](#)

## **REVENUE MEMORANDUM CIRCULAR 66-2024**

Pursuant to Revenue Memorandum Circular 66-2024, taxpayers **can convert their unused Official Receipts/Billing Statement/Statement of Account/Statement of Charges into Invoices/ Billing Invoices** by:

- a. **Submitting Inventory Report** of unused manual receipts **on or before 31 July 2024 (Extended Deadline)**
- b. **Submitting Notice** on the renaming of Official Receipt/Billing Statement/Statement of Account/Statement of Charges within **30 days from the completion of machine/system reconfiguration/enhancement or on December 31, 2024, whichever comes first.**

Taxpayers shall have the option to submit said inventory report or notice whichever is applicable via:

- a. Email through Taxpayer Registration -Related Application Portal which can be accessed via BIR's website e-Services section. See [RMC No. 66-2024 Annex A.pdf \(bir.gov.ph\)](#)
- b. Via Direct Email of the Inventory Report or Notice to the RDO (See list of emails per RDO [RMC No. 66-2024 Annex B.pdf \(bir.gov.ph\)](#))
- c. Manually through the Revenue District Office where the concerned head office or branch office is registered.

Source: [RMC No. 66-2024.pdf \(bir.gov.ph\)](#)

## **REVENUE MEMORANDUM CIRCULAR 67-2024**

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 67-2024 to **clarify issues as regards the deadline for the filing and payment of Documentary Stamp Tax**. Pursuant to the granted authority of the law to the Secretary of Finance, the Bureau of Internal Revenue has issued Revenue Regulations 6-2001 which provides that the return **shall be filed within five (5) days after the close of the month when the taxable document was made signed, or accepted, or transferred, and the tax due thereon shall be paid at the same time as the DST return is filed**. This rule remains the same and not affected by the implementation of the Ease of Paying Taxes (EOPT) Act.

Source: [RMC No. 67-2024.pdf \(bir.gov.ph\)](#)

## **REVENUE MEMORANDUM CIRCULAR 68-2024**

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 68-2024 **to circularize the revised BIR Form 2550Q (April 2024 ENCS)** in compliance with the provisions of the Ease of Paying Taxes Act. The following are the changes:

Item No.	Particulars
35	Output VAT on Uncollected Receivables
36	Output VAT on Recovered Uncollected Receivables Previously Deducted
55	Input VAT on Unpaid Payables
58	Input VAT on Settled Unpaid Payables Previously Deducted

However, the new form is not yet available via EFPS and EBIR. Thus, taxpayers are advised to use the existing format in the EFPS and EBIRForms Version 7.9.4.2 and pay tax due thereon through the enrolled bank for EFPS or online and manual for EBIRForms users.

In case however that there are figures to be indicated in the newly introduced fields in the form, use the form and completely fill out the applicable fields and pay manually through AABs or through the RCO under any RDO.

Source: [RMC No. 68-2024.pdf \(bir.gov.ph\)](#)

Relevant Links:

BIR Form 2550Q	<a href="http://bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2024/RMCs/RMC%20No.%2068-2024%20Annex%20A.pdf">bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2024/RMCs/RMC No. 68-2024 Annex A.pdf</a>
Guidelines	<a href="http://bir.gov.ph">LOVE (bir.gov.ph)</a>

\*\*\*NOTHING FOLLOWS\*\*\*