

# **MCC TAX AND OTHER RELEVANT UPDATES**

**March 2025**



**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>SUMMARY</b>
<b>A. REVENUE MEMORANDUM CIRCULAR</b>		
RMC 20-2025	March 20, 2025	The Bureau of Internal Revenue (BIR) clarifies that the <b>Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG)</b> is required only before the final payment of a government contract. It is not required during earlier/partial payments.
RMC 21-2025	March 24, 2025	The BIR clarifies the tax treatment of <b>Joint Ventures (JVs) and consortiums</b> , including the <b>criteria for qualifying as non-taxable entities</b> —mainly for PCAB-licensed contractors undertaking a construction project. Even if tax-exempt as an entity, the <b>co-venturers are still subject to 15% creditable withholding tax</b> on their share of income and must <b>report and pay individual taxes</b> . Non-exempt JVs are treated as regular corporations subject to corporate income tax and VAT.
<b>B. SECURITIES AND EXCHANGE COMMISSION</b>		
SEC MC 01-2025	March 3, 2025	The <b>SEC issued guidelines</b> on the <b>deadlines for filing Audited Financial Statements (AFS)</b> for the calendar year 2024. It also covers the <b>required submission schedule for the General Information Sheet (GIS)</b> . These filings must comply with SEC-prescribed formats and be submitted through the Commission's electronic filing systems within the set timelines.
<b>C. DEPARTMENT OF LABOR AND EMPLOYMENT</b>		
Labor Advisory No. 03 series of 2025	March 13, 2025	Informing the public of the extension of deadline for the submission of Annual Establishment Report on Wages from its original deadline of March 17, 2025 to June 30, 2025.

## **DISCUSSION OF UPDATES**

### **A. REVENUE MEMORANDUM CIRCULAR**

#### **REVENUE MEMORANDUM CIRCULAR 20-2025**

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 20-2025 clarifying the necessity of presenting a Tax Clearance Certificate for Final Settlement of Government Contracts (TCFG) pursuant to Revenue Memorandum Order (RMO) No. 2-2025. According to this issuance, the presentation of TCFG must be done only prior to the final settlement of the government contracts with its suppliers on a per-contract basis. This is to ensure complete and timely payment and remittance of taxes. Thus, by way of example, if there are ten (10) installment payments for a project, TCFG shall not be presented at the initial or anywhere thereafter, but only prior to the 10<sup>th</sup> installment.

You can access the full copy of the RMC through [RMC No. 20-2025.pdf](#)

#### **REVENUE MEMORANDUM CIRCULAR 21-2025**

The Bureau of Internal Revenue has issued Revenue Memorandum Circular No. 21-2025 clarifying the proper tax treatment of Joint Ventures/Consortiums formed for the purpose of undertaking construction projects under Section 22(B) of the National Internal Revenue Code of 1997.

##### **Q1: What is Revenue Memorandum Circular (RMC) No. 21-2025?**

**A1:** RMC No. 21-2025 is a clarification issued by the Bureau of Internal Revenue (BIR) regarding the tax treatment of joint ventures (JVs) and consortiums formed for construction projects in the Philippines. It provides guidelines on taxation, exemptions, compliance requirements, and penalties applicable to such entities.

##### **Q2: What is a joint venture (JV) or consortium under this circular?**

**A2:** With reference to Section 22(B) of the National Internal Revenue Code, a joint venture or consortium formed for the purpose of undertaking construction projects or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal and other energy operations pursuant to an operating consortium agreement under a service contract with the Government are not considered as corporation and therefore, is not subject to corporate tax.

##### **Q3: With this provision under our Tax Code, what does it mean to us JVs and Consortiums engaged in construction business?**

**A3:** The JVs or Consortiums qualified under the Tax Code as such shall not be considered taxable corporations.

##### **Q4: If our JV or consortium is considered not taxable as corporation, what is the tax treatment of its income? What is the tax treatment of co-venturer or member of a Joint Venture or Consortium Not Taxable as a Corporation?**

**A4:**

##### Joint Venture/ Consortium

The gross payments to the Joint Venture/Consortium not taxable as a corporation is not subject to the two percent (2%) creditable withholding tax prescribed under

Section 57(B) of the Tax Code of 1997. However, it is subject to twelve percent (12%) VAT.

*Co-Venturer/ Member of a Joint Venture Not Taxable as a corporation*

The members shall each be responsible for reporting and paying the appropriate income taxes on their distributive shares, actually or constructively received, based on the net income as declared in the Annual Income Tax Return filed by the Joint Venture/ Consortium, and not on the actual distribution of the net income to the co-venturer/members of a Joint Venture/Consortium.

The distributive share of the co-venturer/member on the net income, actually or constructively distributed by a Joint Venture/Consortium not taxable as a corporation shall be subject to fifteen (15) percent creditable withholding tax imposed under Section 57 of the Tax Code of 1997, as amended.

In case of net operating loss, the co-venturer or member shall be entitled to deduct its respective share in the net operating loss.

**Q5: How is the income of the JVs or consortiums to be distributed to its members/ co-venturers should be computed?**

A5: It shall be computed in the same manner as that of a corporation.

**Q6: What are the criteria to be considered a Joint Venture not taxable as a corporation?**

A6: The following must be complied with in order to be considered a joint venture not taxable as a corporation:

- a. It must be for the undertaking of a construction project
- b. Should involve joining or pooling of resources by licensed local contractors; that is licensed a general contractor by the Philippine Contractors Accreditation Board (PCAB) of the Department of Trade and Industry (DTI).
- c. These local contractors are engaged in construction business, and
- d. The joint venture itself must likewise duly licensed as such by the PCAB of the DTI.

**Q7: We wanted to set up a joint venture for the purpose of undertaking construction business. However, the other member is not a PCAB member, will we qualify as a JV not taxable as a corporation.**

A7: Based on the criteria, the members should both be PCAB accredited in order for the JV be considered as a non-taxable as corporation

**Q8: If we are a joint venture that is not taxable as a corporation, does it mean that we are exempt from tax?**

A8: **NO.** Please refer to Question No. 4.

**Q9: Are joint ventures involving foreign contractors treated as JV and not taxable as a corporation?**

A9: **YES.** Subject to the following criteria:

- a. The member foreign contractor is covered by special license as contractor by the PCAB of DTI
- b. Construction project is certified by the appropriate tendering agency that the project is a foreign financed/ internationally funded project and that

international bidding is allowed under the bilateral agreement entered into by and between the Philippine Government and the foreign /international financing institution pursuant to the implement rules and regulations of Republic Act No. 4566 otherwise known as Contractor's License Law.

Absent of any of these requisites, the JV shall be considered as taxable as corporation.

**Q10: Are all persons/entities that can join together and form a venture or consortium not taxable as a corporation?**

A10: **NO.** Pursuant to the exact provision of Revenue Regulation 21-2025 which provides that:

*The joint venture or consortium not taxable as a corporation formed for the purpose of undertaking construction projects, as herein defined, shall not include those who are mere suppliers of goods, services or capital to such project.*

*Moreover, pursuant to Item I (3) hereof, which requires that parties to the Joint Venture or Consortium should be engaged in construction business.*

*All agreements formed by the following persons/entities are disqualified to be considered as tax-exempt Joint Venture/Consortium:*

- a. Between/amongst Real Estate Developer/s (e.g. condominium projects)*
- b. Between/amongst Real Estate Developer/s and Land Owner/s (e.g. condominium projects)*
- c. Between/amongst Real Estate Developer/s and Local Government Unit/s (e.g. city/township development projects, reclamation projects)*
- d. Between/amongst Real Estate Developer/s and Government Owned and Controlled Corporation/s (e.g. township development projects, condominium projects)*
- e. Between/amongst Non-Contractors and Non-Contractors*
- f. Between/amongst Contractors and Non-Contractors*

**Q11: What are the tax obligations of non-exempt JVs?**

A11: Under Section 22 of the National Internal Revenue Code, a joint venture or consortium is considered a corporation except when it qualifies as a JV or consortium not taxable as a corporation. If a JV does not qualify as JV or consortium not taxable as a corporation, the following shall be the taxes.

- **Corporate Income Tax (CIT):**
  - **25%** for regular corporations or **20%** for small businesses.
- **Value-Added Tax (VAT):**
  - **12% VAT** on gross receipts from services rendered.

**Q12: Are the members of the joint venture need to enroll with the BIR's Electronic Filing and Payment System (EFPS)?**

A12: **YES.** All licensed contractors who are co-venturers/members of a Joint venture/ consortium not taxable as corporation with a specific subject or

undertaking exceeding 12-months are required to enroll to the BIR's EFPS. The enrollment shall be done at the Revenue District Office (RDO) where the licensed contractor is registered as a taxpayer.

**Q13: Does a tax-exempt joint venture still need to register with the BIR?**

A13: Yes. All JVs, whether tax-exempt or not, must register with the BIR. The registration process.

**Q14: Are tax-exempt JVs required to file tax returns?**

A14: Yes. Even though they are exempt, they must still **file an annual income tax return (ITR)** stating that no tax is due.

You can access the full copy of the RMC through [RMC No. 21-2025.pdf](#)

**SEC MEMORANDUM CIRCULAR NO. 1 series of 2025**

The Securities and Exchange Commission has issued SEC Memorandum Circular No. 1 series of 2025 dated 3 March 2025 to guide the public in submitting the December 31, 2024, Audited Financial Statement and General Information Sheet.

*Audited Financial Statement*

Accordingly, ALL corporations, including branch offices, representative offices, and ROHQ, shall file their AFS through the SEC Electronic Filing and submission Tool (eFAST). The same must first be stamped "Received" by the BIR before filing with the SEC. The deadlines depend on the last numerical digit of their SEC Registration or License numbers:

Submission dates	Last digit of SEC Registration/ License number
May 2, 5, 6, 7, 8, 9, 12, 13, 14, 15 and 16	1 and 2
May 19, 20, 21, 22, 23, 26, 27, 28, 29 and 30	3 and 4
June 2, 3, 4, 5, 6, 9, 10, 11 and 13	5 and 6
June 16, 17, 18, 19, 20, 23, 24, 25, 26 and 27	7 and 8
June 30 / July 1, 2, 3, 4, 7, 8, 9, 10 and 11	9 and 0

The above schedule, however, shall not apply to the following corporations:

- Corporations following a fiscal year ending other than December 31, 2024 – The submission deadline shall be within 120 calendar days from the end of their respective fiscal years;



- Those whose securities are listed on the Philippine Stock Exchange (PSE), those whose securities are registered but not listed on the PSE, those considered public companies, and other entities covered under Sec.17.2 of the SRC. These entities shall file their AFS within 105 calendar days after the end of the fiscal year, as an attachment to their Annual Reports (SEC Form 17-A), in accordance with the Implementing Rules and Regulations of the SRC. Non-listed registered issuers of securities which filed SEC Form 17-EX (Notification of Suspension of Duty to file reports under Section 17 of the Securities Regulation Code) for 2024 shall observe the AFS filing period as prescribed for those following the calendar period ending December 31 or those following fiscal year period other than December 31, as applicable.
- Those AFS audited by the Commission on Audit

Late filings or submissions after 11 July 2025 shall be subject to the prescribed penalties which shall be computed from the date of the last day of filing stated in the table of schedule.

All companies may file their AFS regardless of the last numerical digit of their registration before the first day of the coding schedule.

#### *General Information Sheet*

All stock and nonstock corporations shall file their **General Information Sheet** within 30 calendar days from the date of the actual annual stockholders' meeting. For foreign corporations, within 30 calendar days from the anniversary date of the issuance of their respective SEC licenses.

#### *Appointment of Officers of One Person Corporation*

Within 15 days from the date of the issuance of OPC's Certificate of Incorporation or within 5 days from when the change was reflected.

You can access the full copy of the memorandum through [SEC MC No. 01, series of 20252025 FILING OF ANNUAL FINANCIAL STATEMENTS AND GENERAL INFORMATION SHEET - Securities and Exchange Commission](#)

#### **DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE)**

The Department of Labor and Employment (DOLE) has issued Labor Advisory No. 03 series of 2025, extending the deadline for submitting the Annual Establishment Report on Wages (AERW) from March 17, 2025, to June 30, 2025.

The Annual Establishment Report on Wages is a mandated report to be submitted to DOLE pursuant to Article 125 of the Labor Code and shall be submitted online through [Online Compliance Portal](#)

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