

MCC TAX AND OTHER RELEVANT UPDATES

Period Covered: May 2023



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IMPORTANT UPDATES:

A. REVENUE REGULATIONS		
ISSUANCE	DATE ISSUED	SUBJECT
RR 4-2023	May 4, 2023	Topic: Tax Forms/ Filing Amends Section 2 of RR No. 9-2016, coverage of taxpayers required to file returns through Electronic Bureau of Internal Revenue Forms (eBIRForms)
RR 5-2023	May 5, 2023	Topic: Double Taxation/ Double Taxation Agreements Amends Revenue Regulations No. 5-2021 on the requirements in availing the Income Tax exemption of foreign-sourced dividends received by a Domestic Corporation
B. REVENUE MEMORANDUM CIRCULARS		
RMC No. 48-2023	May 5, 2023	Topic: Tax Administration and Compliance Announces the availability of additional features and functionalities of online application for registration information updates and other online facilities for registration-related transactions through Online Registration and Update System (ORUS)s
RMC No. 52-2023	May 10, 2023	Topic: Tax Administration and Compliance Clarifies the optional filing and payment of monthly VAT Returns (BIR Form No. 2550M) for VAT-registered persons
RMC No. 53-2023	May 11, 2023	Topic: Incentive Management Provides clarifications on the entitlement of economic zone developers and operators to the Value-Added Tax (VAT) zero-rating on local purchases of goods and services directly and exclusively used in the registered project or activity
RMC No. 56-2023	May 19, 2023	Topic: Tax Administration and Compliance Encourages taxpayers to use the Electronic One-Time Transactions (eONETT) System in the filing and payment of ONETT related returns and taxes

RMC No. 58-2023	May 19, 2023	Topic: Tax Administration and Compliance Clarifies the policies and guidelines on the issuance and validity of TIN Card and Certificate of Registration
RMC No. 59-2023	May 19, 2023	Topic: Tax Administration and Compliance Announces the availability of the revised BIR Form No. 2550Q [Quarterly Value-Added Tax (VAT) Return] January 2023 (ENCS)
RMC No. 60-2023	May 23, 2023	Topic: Tax Administration and Compliance Announces the availability of the enhanced BIR Registration Forms relative to the implementation of Ease of Doing Business and Efficient Government Service Delivery Act of 2018
RMC No. 61-2023	May 24, 2023	Topic: Tax Administration and Compliance Prescribes procedures in the processing of taxpayer's request for stamping of electronically filed ITRs/AITRs thru eBIRForms
RMC No. 62-2023	May 29, 2023	Topic: Tax Administration and Compliance Announces the availability of BIR Form Nos. 1604-C, 1604-E, 1604-F and 0620 in the Electronic Filing and Payment System (eFPS)
C. DEPARTMENT OF LABOR AND EMPLOYMENT		
Reminder		Submission of Annual Establishment Report on Wages

DISCUSSION OF UPDATES

A. REVENUE REGULATIONS

REVENUE REGULATIONS 4-2023

REVENUE REGULATIONS NO. 4-2023 issued on May 4, 2023 amends Section 2 of Revenue Regulations No. 9-2016 which further expand the coverage of taxpayers mandated to file tax returns through Electronic Bureau of Internal Revenue Forms (eBIRForms), to wit:

- a. Accredited Tax Agents/Practitioners and all its client-taxpayers;
- b. Accredited Printers of Principal and Supplementary Receipts/Invoices;
- c. One-Time Transaction (ONETT) taxpayers who are classified as real estate dealers/developers; those who are considered as habitually engaged in the sale of real property and regular taxpayers already covered by eBIRForms. Thus, taxpayers who are filing BIR Form No. 1706, 1707, 1800, 1801 and 2000-0T (for BIR Form No. 1706 only) are excluded in the mandatory coverage from using the eBIRForms;
- d. Those who shall file a "No Payment Return";
- e. Government-Owned-or-Controlled Corporations (GOCCs);
- f. Local Government Units (LGUs), including Barangays; and
- g. Cooperatives registered with National Electrification Administration (NEA) and Local Water Utilities Administration (LWUA).

REVENUE REGULATIONS NO. 5-2023

REVENUE REGULATIONS NO. 5-2023 issued on May 5, 2023 amends Revenue Regulations No. 5-2021 on the requirements in availing the Income Tax exemption of foreign sourced dividends received by a Domestic Corporation.

In general, foreign-sourced dividends received by domestic corporations are subject to Income Tax. However, the same shall be exempt if all of the following conditions concur:

- a. The dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation within the next taxable year from the time the foreign-sourced dividends were received or remitted;
- b. The dividends received shall be used to fund the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries and infrastructure project; and
- c. The domestic corporation holds directly at least twenty percent (20%) in value of the outstanding shares of the foreign corporation and has held the shareholdings uninterruptedly for a minimum of two (2) years at the time of the dividends distribution. In case the foreign corporation has been in existence for less than two (2) years at the time of dividends distribution, then the domestic corporation must have continuously held directly at least twenty percent (20%) in value of the foreign corporation's outstanding shares during the entire existence of the corporation.

Absent of any one of the above conditions, the foreign-sourced dividends shall be considered as taxable income of the Domestic Corporation in the year of actual receipt or remittance, subject to surcharge, interest, and penalties, as applicable.

For this purpose, in order to avail of the income tax exemption, the Domestic Corporation shall:

- a. attach "Sworn Statement", following the template provided in these Regulations (Annex A), to the Annual Income Tax Return (AITR) pertaining to the taxable year in which the foreign-sourced dividends were received; and
- b. attach to the AITR pertaining to the year immediately following the year of receipt of the foreign-sourced dividends a "Sworn Declaration" using template provided herein (Annex B).

Compliance with the above requirements is sufficient in order to avail of the Income Tax exemption. However, in case of partial or non-utilization of the foreign-sourced dividends, the domestic corporation shall pay the corresponding Income Tax due thereon, inclusive of surcharge, interest and penalties, by amending the AITR filed for the particular period. In the event that the amendment is already prohibited due to existence of audit, the Income Tax shall be paid using payment form (BIR Form 0605).

Further, no credit or deduction under Section 34(C) of the Tax Code shall be allowed for any taxes of foreign countries paid or incurred by the Domestic Corporation in relation to the exempt foreign-sourced dividends. Finally, any taxes of foreign countries paid or incurred by the domestic corporation in relation to the exempt foreign-sourced dividends shall be disregarded in computing the limitations provided under Section 34(C)(4) of the Tax Code.

B. REVENUE MEMORANDUM CIRCULARS

REVENUE MEMORANDUM CIRCULAR NO. 48-2023

REVENUE MEMORANDUM CIRCULAR NO. 48-2023 issued on May 5, 2023 announces the availability and implementation of the additional features and functionalities of online application for registration information updates and other online facilities for registration-related transactions through Online Registration and Update System (ORUS) starting April 28, 2023, to wit:

Features	Application Details
Business Registration	<ul style="list-style-type: none"> • Conversion of Non-Business Taxpayers (e.g. Employee, E.O. 98) with existing TIN to Business Taxpayers • Registration of New Branch • Registration of New Facility
Update of Registration (with Certificate of Registration generation)	<ul style="list-style-type: none"> • Addition of Tax Type • Registration of Additional Business/Trade Name

	<ul style="list-style-type: none"> • Registration of Additional Line of Business • Change in Registered Name of Non-Individual taxpayers • Update/Change in Registered Address or Transfer of Registration • Update/Change of Civil Status
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Taxpayers who already have an existing ORUS account may access and avail the online registration updates and other functionalities by logging-in to the system. Taxpayers who do not have an ORUS account and opt to use the said online registration-related facilities are required to enroll or create an account in ORUS following the guidelines prescribed under Revenue Memorandum Circular No. 122-2022

REVENUE MEMORANDUM CIRCULAR NO. 52-2023

We wish to inform you that the Bureau of Internal Revenue has released Revenue Memorandum Circular 52-2023 pertaining to the filing and payment of BIR Form 2550Q and the optional filing of monthly VAT returns 2550M.

Mandatory Filing of Quarterly VAT Returns

- Taxpayers are advised that the filing of VAT Quarterly Return (BIR Form 2550Q) shall be due on the 25th day of the month following the close of taxable quarter;
- That once the taxpayer files the VAT Quarterly Return (BIR Form 2550Q), there is no need to file for the monthly VAT return.

Optional Filing of Monthly VAT Returns

- Taxpayers who will opt to pay the monthly VAT returns (using BIR Form 2550M) and pay the taxes due thereon on monthly basis if they find this convenient and following the procedures as laid down in Revenue Regulations 16-2005, 6-2014 and Revenue Memorandum Circular 68-2005 and other issuances
- Taxpayers opting to file the return and pay the taxes due thereon on monthly basis are **still required** to file the quarterly VAT return (BIR Form 2550Q) which deadline is on the 25th of the month following the close of the taxable quarter.

Switching of filing from Monthly to Quarterly and vice versa

- Taxpayers who opt to file monthly VAT return can switch to file quarterly VAT return without imposition of penalty and vice versa so long it must be filed within the deadline that is on the 25th of the month following the close of each taxable quarter.

REVENUE MEMORANDUM CIRCULAR NO. 53-2023

REVENUE MEMORANDUM CIRCULAR NO. 53-2023 issued on May 11, 2023 clarifies the entitlement of economic zone developers and operators to the Value-Added Tax (VAT) zero-rating on local purchases of goods and services directly and exclusively used in the registered project or activity.

The Board of Investments (BOI) Memorandum Circular (MC) No. 2022-003 which amended the Specific Guidelines of Activities in Support of Exporters under the 2020 Investment Priorities Plan (IPP), also known as the transitional Strategic Investment Priority Plan (SIPP), included the development and operation of economic zones; and industrial parks and buildings for exporters, as "Activities in Support of Exporters".

This covers the development and operation of economic zones, and industrial parks within export or Freeport zones with integrated facilities for export-oriented enterprises. Economic zones and industrial parks shall have infrastructure such as paved roads, power system, water supply, drainage system, sewerage treatment facilities, pollution control systems, communication facilities, and other infrastructure/facilities needed for the operation of exporters located therein.

This also covers the development and management of new buildings located outside NCR, declared as an economic zone or within export or Freeport zones, with a minimum contiguous land area of 10,000 square meters with the following features:

- High-speed fiber-optic telecommunication backbone and high-speed international gateway facility or wide-area network (WAN); or any high-speed data telecommunication system that may become available in the future;
- Clean, uninterruptible power supply;
- Computer security and building monitoring and maintenance systems (e.g., computer firewalls, encryption technology, fluctuation controls, etc.); and
- Any other requirements as may be determined by the Board of the concerned Investment Promotion Agencies (IPAs).

At least seventy percent (70%) of the leasable/saleable areas shall be dedicated to exporters.

Revenues arising from clients/tenants engaged in activities that are not allowed pursuant to the definition of a registered business enterprise under Section 293(M) of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act will not be entitled to the Income Tax Holiday incentive.

Phased development of an economic zone or industrial park may be allowed, provided the whole project is completed within five (5) years unless otherwise approved by the Board of the concerned IPA. These amendments shall apply to all projects qualified under the CREATE Act.

Based on the foregoing, the ecozone developer and operator may be classified as export enterprise if it meets the qualifications stated above, in which case, it shall also be entitled to the VAT incentives under the CREATE Act.

In case an enterprise is not qualified based on the amended guidelines, the ecozone developer or operator will be classified as a domestic market enterprise under Item D(I)(8)(j) of the General Policies and Specific Guidelines to Implement the 2020 IPP which covers the development of domestic industrial zones, as circularized by the BOI thru MC No. 2021-001. Consequently, it shall not be entitled to the VAT incentives under the CREATE Act.

REVENUE MEMORANDUM CIRCULAR NO. 56-2023

The Bureau of Internal Revenue has issued on 19 May 2023 Revenue Memorandum Circular No. 56-2023 concerning the application for One Time Transactions (ONETT) for the issuance of Electronic Certificate Authorizing Registration (ECAR) thru the Electronic One Time Transactions (EONETT) and advised all concerned that intend to use the same may register via <https://eonett.bir.gov.ph/>

REVENUE MEMORANDUM CIRCULAR NO. 58-2023

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 58-2023 in order to shed light on concerns regarding the validity of old color yellow-orange identification cards which were previously issued by the Bureau. According to the Bureau, there is no need to apply for a new card as the old one does not expire despite the issuance of new format (color green) identification card. It also reiterated its policy that the request for BIR ID must be made to the RDO where the taxpayer is registered and must be requested and secured by him personally alone.

Likewise, on the issuance of Certificate of Registration (BIR Form 2303), the following clarifications were made:

1. Replacement of COR would only be required if there were information that need to be updated. The same does not have expiration date;
2. COR issued via Philippine Business Hub does not bear signature and could be validated through a QR Code. The COR issued online must be posted in a conspicuous place.

REVENUE MEMORANDUM CIRCULAR NO. 59-2023

The Bureau of Internal Revenue has issued Revenue Memorandum Circular No. 59-2023 advising the availability of the revised 2550Q or the Quarterly Value-Added Tax Return pursuant to the pertinent provisions of TRAIN Law.

According to the RMC, the new form is not yet available in the EBIR and EFPS platforms and only is posted currently in their website. Thus, all taxpayers shall continue to use the 2550Q Version in EFPS and the latest EBIR Form Package v7.9.4 in filing and payment of VAT due. A separate memorandum shall be issued as soon as it becomes available online.

Meanwhile, for manual filers, they can use the new form posted in the BIR website and pay the tax due thereon either online via listed modes or manual in any Authorized Agent Banks within the RDO/LTS having jurisdiction over the main establishment.

Should there be no AAB, payment shall be made thru the Revenue Collection Officer of the RDO where the taxpayer's main establishment is registered.

REVENUE MEMORANDUM CIRCULAR NO. 60-2023

REVENUE MEMORANDUM CIRCULAR NO. 60-2023 issued on May 23, 2023 announces the availability of the following enhanced BIR Registration Forms (July 2021 Version) attached as Annexes "A" to "E" of the Circular:

Form	Description	Link
1901 (Annex "A")	Application for Registration for Self-Employed (Single Proprietor/Professional), Mixed Income Individuals, Non-Resident Alien Engaged in Trade/Business, Estate and Trust	RMC No. 60-2023 Annex A.pdf (bir.gov.ph)
1902 (Annex "B")	Application for Registration for Individuals Earning Purely Compensation Income (Local and Alien Employee)	https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2023 RMCs/RMC No. 60-2023 Annex B.pdf
1903 (Annex "C")	Application for Registration for Corporations, Partnerships (Taxable/Non-Taxable), Including Government Agencies and Instrumentalities (GAls), Local Government Units (LGUs), Cooperatives and Associations	https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2023 RMCs/RMC No. 60-2023 Annex C.pdf

1904 (Annex "D")	Application for Registration for Taxpayer and Person Registering under E.O. 98 (Securing a TIN to be able to transact with any government office) and Others	https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2023 RMCs/RMC No. 60-2023 Annex D.pdf
1905 (Annex "E")	Application for Registration Information Update/Correction/ Cancellation	https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2023 RMCs/RMC No. 60-2023 Annex E.pdf

REVENUE MEMORANDUM CIRCULAR NO. 61-2023

REVENUE MEMORANDUM CIRCULAR NO. 61-2023 issued on May 24, 2023 clarifies the procedures in the processing of taxpayer's request for stamping of Income Tax Returns/Annual Income Tax Returns (ITRs/AITRs) electronically filed through eBIRForms.

Pursuant to Revenue Memorandum Circular No. 32-2023, "No Payment AITRs" shall be filed electronically through the eBIRForms. Thus, taxpayers no longer need to file "No Payment AITRs" manually.

Revenue District Offices (RDOs) may still manually stamp printed electronically filed AITRs for requesting taxpayers who can provide a letter request, with attached supporting documents, stating the need for their respective returns to be manually stamped "Received" by the BIR, as a requirement or proof of filing and payment of their taxes here in the Philippines (e.g. expatriates of multinational companies), or for whatever legal purpose it may serve.

The RDOs shall also check and verify the supporting documents presented by the said taxpayers, and have the abovementioned e-Filed ITRs/AITRs stamped "Received" by the BIR after the said supporting documents are validated.

REVENUE MEMORANDUM CIRCULAR 62-2023

The Bureau of Internal Revenue has recently issued Revenue Memorandum Circular 62-2023 dated May 29, 2023 to announce the availability of BIR Form Nos. 1604-C, 1604-E, 1604-F and 0620 in the Electronic Filing and Payment System (eFPS) as earlier communicated in its another earlier revenue issuance.

C. DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE)

SUBMISSION OF ANNUAL ESTABLISHMENT REPORT ON WAGES FOR 2022

We wish to inform you that the deadline for submission of Annual Establishment Report on Wages which deadline was originally set on January 31, 2023 will be due on **May 31, 2023**.

To submit your annual report, you would need to **register your Company** at <https://annualwagereport.nwpc.dole.gov.ph/>

The Annual Establishment Report on Wages contains the verified itemized listing of establishments' labor component, specifying the names of their **rank-and-file employees**, including learners, apprentices and workers with disabilities who were hired under the terms prescribed in the employment contracts, and their corresponding salaries and wages. The report **does not include** those employees holding **Supervisory and managerial (e.g. Manager, CEO, COO, President, Vice-President, etc.)**

The submission of this annual report is required under Article 124 of the Labor Code, as amended by Republic Act No. 6727 or the Wage Rationalization Act. Submission of the report shall be monitored by the DOLE Labor Inspectorate System.

Kindly note that in succeeding year (i.e. 2024) **the deadline of the submission of the annual report shall be on or before January 31.**

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