

MCC TAX AND OTHER RELEVANT UPDATES

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CERTIFIED PUBLIC ACCOUNTANTS

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IMPORTANT UPDATES:

ISSUANCE DATE ISSUED	SUMMARY
RMC No. 47-2025 May 8, 2025	Heads-up on VAT for Digital Services Non-resident digital service providers (NRDSPs) must register with the BIR by June 1, 2025 —either via the VDS Portal , ORUS , or RDO 39 (manual). They can appoint a local rep without being considered as doing business in the Philippines. <ul style="list-style-type: none">• For B2B, buyers in PH must withhold 12% VAT using Form 1600-VT, while NRDSPs file Form 2550-DS.• For B2C, NRDSPs file and pay VAT directly via the VDS Portal. E-marketplaces are VAT-liable if they control pricing, delivery, or other parts of the transaction. Exemptions: Sales to DepEd/CHED/TESDA-accredited schools and PEZA/BOI-registered exporters. Invoices don't need a specific format—just include key transaction and VAT info. Note: NRDSPs can't claim input VAT , but PH buyers can if VAT was withheld and reported via Form 1600-VT .
RMC No. 49-2025 May 9, 2025	New eBIRForms Version Out Now The BIR has released Offline eBIRForms Package v7.9.5 (as of May 7, 2025)—now available on their website. What's new: <ul style="list-style-type: none">• Updated Form 1702Q (Jan 2018) and Form 2550Q (Apr 2024)• New ATCs added for Forms 2551Q, 0605, 1600-VT, 1601-EQ, and 1601-FQ• New treaty code "BN" (Brunei) in Form 1601-FQ• Bug fixes for Forms 0619-E, 1800v2018, and 2000-OTv2018 Reminder: Use this latest version to avoid filing errors and ensure compliance.
RMC No. 52-2025 May 30, 2025	New VAT Form for NRDSPs The BIR has released Form 2550-DS (as of May 30, 2025) for Nonresident Digital Service Providers (NRDSPs) to file their VAT returns under RA 12023 . The form is available in folio and A4 formats and can be downloaded from the BIR website .

[Discussion on the next page]

DISCUSSION OF UPDATES

A. REVENUE MEMORANDUM CIRCULAR

REVENUE MEMORANDUM CIRCULAR 047-2025

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 047-2025 to clarify the provisions of Revenue Regulations 3-2025 implementing Republic Act 12023 or the VAT on Digital Services Act. The following is a simplified version of the Question and Answer:

Q1: Are Non-Resident Digital Services Providers (NRDSPs) with only B2B transaction still required to register with the Bureau of Internal Revenue?

A1: YES. NRDSPs are required to register regardless of the nature of their transactions.

Q2: Are Non-Resident Digital Services Providers (NRDSPs) with only B2B transaction still required to file tax returns with the BIR?

A2: Yes.

Q3: How will NRDSPs register with the BIR

A3: Through VAT on Digital Services (VDS) portal once it is available. Prior to availability, NRDSPs shall appoint a resident third-party service provider and shall register with the Online Registration and Update System.

Q4: Until when should the NRDSPs register with the BIR

A4: On or before June 1, 2025

Q5: What information is required to register an NRDSP?

A4:

- a. Name of the business entity, including trade name
- b. Name of the authorized representative, and TIN in case of local authorized representative, responsible for tax administration, if any
- c. Registered foreign address; and
- d. Contact information of the NRDSP

Q6: What are the documentary requirements for the registration of NRDSPs?

A6: Any document that is issued by an authorized government regulatory body (SEC, Tax Authority) where the NRDSP was incorporated or organized (such as Articles of Incorporation, Certificate of Tax Residency) shall be sufficient for registration.

Q7: Do NRDSPs required to have local representative in the Philippines to register with the BIR?

A7: NO. But it may appoint a third-party (individual, entity, law or accounting firm) for the purpose of registration and compliance, among others.

Q8: Can an NRDSP with local representative, register with the BIR manually?

A8: YES. The application for registration is to be filed at BIR RDO 39 – South Quezon City

Q9: Will the appointment of a third-party would amount to NRDSP being considered Resident Foreign Corporation doing business in the Philippines?

A9: NO for VAT purposes.

Q10: Document to be issued to NRDSPs upon registration?

A10: A BIR Certificate of Registration

Q11: What tax type will NRDSPs be liable for?

A11: 12% VAT

Q12: Will NRDSPs be subject to penalty for failure to register?

A12: YES.

Q13: What is the VAT Treatment for cross-border transactions?

A13: Under the Reverse Charge Mechanism, a customer/ buyer engaged in trade or business in the Philippines shall be liable to (i) electronically filing the required remittance return; and (ii) withholding the 12% VAT for transactions it entered into with an NRDSP.

Q14: What is the VAT Treatment for cross-border B2C transactions?

A14: In B2C transaction, the customer is not engaged in trade or business in the Philippines. Under this case, the NRDSPs shall be liable to (i) electronically filing VAT return, and (ii) paying the VAT due thereon through the simplified pay-only regime in the VDS portal.

Q15: What is the VAT Treatment for digital services that go through online marketplace or e-marketplace?

A15: Refer to the following illustrations:

Illustration 1: DSP acting as Non-resident online marketplace or e-marketplace for a B2B transaction

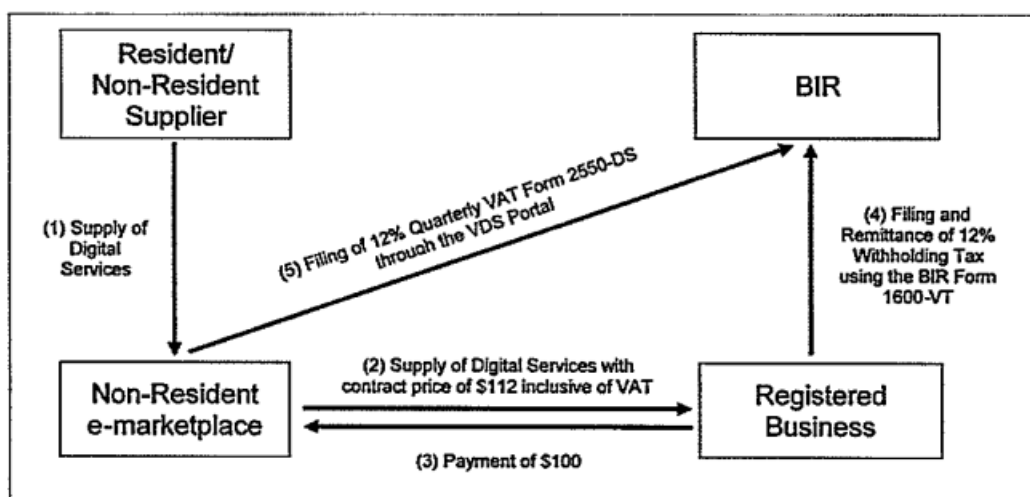


Illustration 2: DSP acting as Non-resident online marketplace or e-marketplace for a B2C transaction

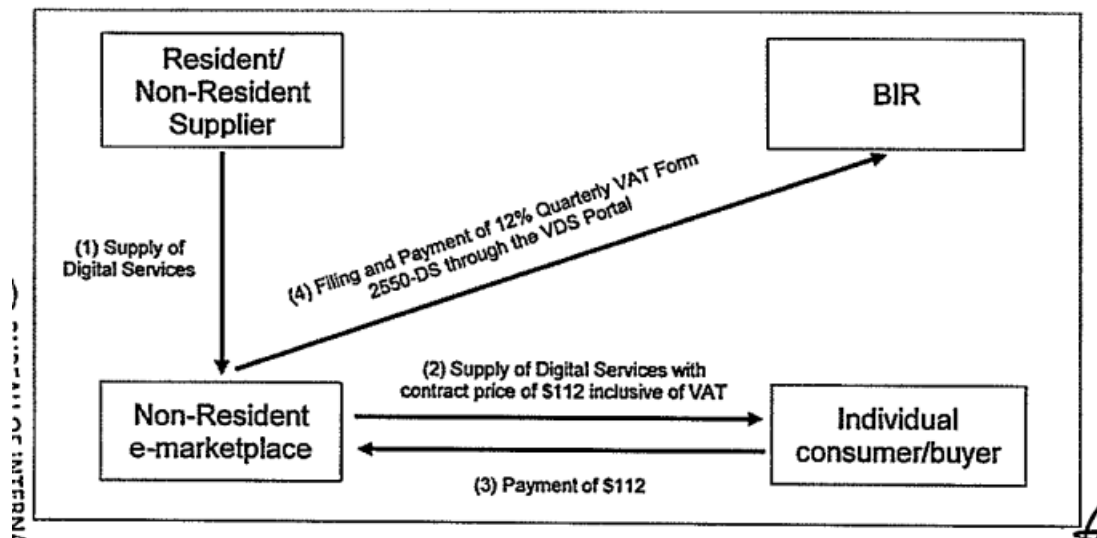
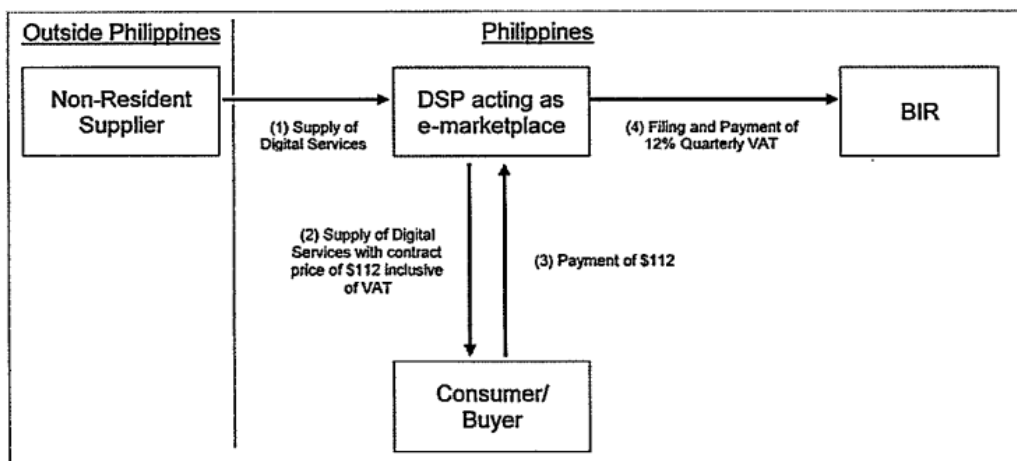


Illustration 3: DSP acting as Resident online marketplace or e-marketplace for B2B and B2C transactions



Q16: What is the invoicing requirement for NRDSPs?

A16: There is no prescribe form for the invoice for as long as the following are present:

- Date of the transaction
- Transaction Reference Number
- Identification of the Customer (including the TIN for B2B)
- Brief description of the transaction
- The total amount with the indication that such amount includes the VAT.

As the obligation to deduct and remit the 12% VAT in a B2B transaction lies with the person engaged in trade or business in the Philippines, the Non-Resident Digital Service Provider shall add an annotation in the invoice stating that "12% VAT

on the invoice amount is payable and shall be remitted by the business consumer/ buyer to the BIR”

Q17: When will the NRDSPs be subject to VAT under RA. No. 12023?

A17: The NRDSP shall be subject to VAT beginning June 2, 2025.

Q18: What BIR Form to be used by the NRDSPs and its B2B consumer/ buyer in filing and payment of the VAT?

A18: BIR Form No. 2550-DS available and generated in the VDS Portal.

Q19: Can the NRDSPs claim input VAT?

A19: NO.

Q20: Can the NRDSP apply for refund for erroneously paid VAT?

A20: NO. But it can amend its return to reflect the overpayment which may be carried over to the succeeding quarters.

Q21: Is e-marketplace liable to VAT if the sale which NRDSP generated therein was paid directly to the latter?

A21: NO. Considering that the payment was out of control of the e-marketplace. However, the service fee the e-marketplace charge to the consumer/buyer if any shall be subject to VAT.

Q22: Is the service fee imposed by the e-marketplace subject to VAT?

A22: YES.

Q23: Does RA 12023 applicable to other services other than Digital Services?

A23: NO.

Q24: Are the medical services coursed through a platform subject to VAT?

A24: Yes.

Q25: Is there a need to secure certification from the BIR for VAT Exemption for online-subscription based services to educational institutions accredited by DEPED, CHED and TESDA?

A25: No. It only needs to present the required accreditation from these government agencies.

Q26: Are digital services rendered by NRDSPs to IPAs which are directly attributable to registered activity of the latter subject to 12% VAT?

A26: No.

Q27: How can the NRDSP verify whether or not a buyer is engaged in business for VAT purposes under R.A. 12023 and RR 3-2025?

A27: By providing the buyer's TIN and by providing questionnaire or tick box in their website for customers to confirm that they are engaged in business in the Philippines.

Q28: How can VAT-registered Philippine business customers substantiate their input taxes for digital services purchased from NRDSPs?

A28: VAT-registered Philippine business customers/buyers shall use the filed withholding VAT return/ BIR Form No. 1600-VT as proof to support their claim for

input VAT on purchases of digital services from NRDSPs in accordance with Section 7(C) of RR No. 3-2025.

Q29: What is the VAT Treatment if the contract price for the entire year has been paid without considering the imposition of VAT, which will begin on June 2?

A29: Any digital service provided starting June 2, 2025 shall be subject to VAT. However, considering that the buyer already had paid the entire contract price without the 12% VAT, the NRDSP shall file and pay the VAT due thereon for services provided from June 2, 2025 onwards.

Q30: Is cost charge consumed by a Philippine subsidiary subject to VAT?

A30: Yes.

To know more about this issuance, you may refer to this link: [RMC No. 47-2025.pdf](#)

REVENUE MEMORANDUM CIRCULAR 049-2025

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 049-2025 dated 7 May 2025, circularizing the availability of EBIRForms Package Version 7.9.5, which now includes BIR Form 1702Q January 2018 (ENCS) or the Quarterly Income Tax Return for Corporations, Partnerships, and Other Non-Individual Taxpayers, and BIR Form No. 2550Q April 2024 (ENCS) or the Quarterly Value-Added Tax:

EBIRForms also added notable enhancements, such as the addition of new Alphanumeric Tax Code (ATC) in BIR Forms 0605, 1600-VT, 1601-EQ, and 1601-FQ, the list of which is provided in said revenue issuance.

You can click the following link: [RMC No. 49-2025.pdf](#)

REVENUE MEMORANDUM CIRCULAR 52-2025

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 52-2025 prescribing BIR Form No. 2550-DS (VAT Return for Non-Resident Digital Service Provider).

The following are the links where you can access the Form:

Size	Link
Folio	RMC No. 52-2025 Attachment 1.pdf
A4	RMC No. 52-2025 Attachment 2.pdf

To read the issuance in full text: [RMC No. 52-2025.pdf](#)

B. MCC SPECIAL WRITE-UPS

VAT ON DIGITAL SERVICE ACT (SUMMARY OF RULES)

With the rise of digital transactions, the BIR now requires VAT on digital services provided to Philippine-based buyers. This summary highlights **who must withhold and remit VAT, invoicing rules**, and the **proper form to file**, as outlined in recent regulations.

Persons required to deduct and pay the VAT

Those who are engaged in providing digital services to buyers who use the same subject to VAT in the Philippines. A DSP may be considered a Resident or Nonresident depending on whether or not they have a physical presence in the Philippines. Digital service is defined as" any service that is supplied over the internet or other electronic network with the use of information technology and where the supply of the service is essentially automated. It shall include, but not limited to:

- (1) Online search engine
- (2) Online marketplace or e-marketplace;
- (3) Cloud service;
- (4) Online media and advertising
- (5) Online platform; or
- (6) Digital goods

Who has the duty to deduct/impose and remit the VAT to the government?

Depending on the circumstances of both the buyer and the seller.

- a. The seller is engaged in business in the Philippines (**Resident DSP**)
Regular rules on VAT shall be observed.
- b. The seller is a Non-Resident DSP and the buyer is a person not engaged in trade or business in the Philippines (**B2C**)
The NRDSP shall be liable for imposing the 12% Value-Added Tax (VAT) to a consumer located in the Philippines who is not engaged in trade or business (normal, non-business customers). On top of this, the NRDSP shall file the VAT return through the simplified pay-only regime in the VDS portal.
- c. The seller is a Non-Resident DSP and the buyer is a person engaged in trade or business in the Philippines (**B2B**)
The person engaged in trade or business, following the rules on the Reverse Charge Mechanism, is liable for deducting and remitting VAT to the Bureau of Internal Revenue, including filing VAT returns.

What are the invoicing requirements?

Resident Digital Service Provider

Follow the BIR's existing policies regarding the elements that should be reflected in the invoice.

Non-Resident Digital Service Provider

There is no prescribed form for the invoice as long as the following are present:

- f. Date of the transaction
- g. Transaction Reference Number
- h. Identification of the Customer (including the TIN for B2B)
- i. Brief description of the transaction
- j. The total amount with the indication that such amount includes the VAT.

As the obligation to deduct and remit the 12% VAT in a B2B transaction lies with the person engaged in trade or business in the Philippines, the Non-Resident Digital Service Provider shall add an annotation in the invoice stating that *“12% VAT on the invoice amount is payable and shall be remitted by the business consumer/ buyer to the BIR”*

What form can be used to file the VAT returns for transactions related to Digital Service?

Pursuant to Revenue Memorandum Circular 52-2025, those who are required to file the VAT return related to sale of Digital Service shall use BIR Form 2550-DS. The Form is available through website using the following link:

The following are the links where you can access the Form:

Size	Link
Folio	RMC No. 52-2025 Attachment 1.pdf
A4	RMC No. 52-2025 Attachment 2.pdf

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