



MCC TAX AND OTHER RELEVANT UPDATES

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CERTIFIED PUBLIC ACCOUNTANTS

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IMPORTANT UPDATES:

A. REVENUE MEMORANDUM CIRCULAR		
ISSUANCE	DATE ISSUED	SUBJECT
RMC No. 112-2024	October 15, 2024	Clarification on the guidelines on proper sale and affixture of loose documentary stamps to taxable documents under Revenue Memorandum Circular No. 92-2024
RMC No. 113-2024	October 15, 2024	Announcing the availability of update of taxpayer classification, and resumption of business registration and other registration-related transactions in the Online Registration and Update System
RMC No. 115-2024	October 18, 2024	Clarification of certain policies and procedures relative to the implementation of the Risk-Based Approach in the verification and processing of Value-Added Tax (VAT) Refund Claims, as introduced in Republic Act No. 11976, Otherwise Known as the "Ease of Paying Taxes Act"
RMC No. 117-2024	October 18, 2024	Circularizing the availability of the revised BIR Form No. 1900 [Application for Permit to Use Loose-Leaf Books of Accounts/Invoices and Other Accounting Records] October 2024 (ENCS)
B. REVENUE MEMORANDUM ORDER		
RMO No. 42-2024	October 2, 2024	Amending certain provisions of Revenue Memorandum Order No. 23-2024 regarding VAT refund claims automatically considered as high-risk or requiring full verification, in relation to the risk-based approach in the verification and processing of Value-Added Tax refunds
C. FISCAL INCENTIVES AND REVIEW BOARD		
FIRB Advisory No. 006-2024	October 7, 2024	Interim Guidelines on the Submission of the Employment and Compensation Data in the Annual Benefits Report (ABR)
D. SECURITIES AND EXCHANGE COMMISSION		
SEC OGC Opinion No. 24-25	October 9, 2024	Re: Creation of a Local Position of Assistant Secretary in a Representative Office

DISCUSSION OF UPDATES

A. REVENUE MEMORANDUM CIRCULAR

Revenue Memorandum Circular 112-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 112-2024 which clarifies its earlier revenue issuance regarding the presentation of the original document before the taxpayer could be sold with a loose documentary stamp tax. This rule shall not apply to taxpayers applying for Tax Clearance Certificates. The taxpayer may still be sold with a loose documentary stamp tax following the list of documentary requirements in the BIR Citizen's Charter

See link for more information: [RMC No. 112-2024.pdf](#)

Revenue Memorandum Circular 113-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 113-2024 dated 15 October 2024 announcing the availability of Update of Taxpayer Classification and resumption of business registration and other registration-related transactions in the Online Registration and Update System (ORUS)

The update of taxpayer classification can now be done through the ORUS by following these steps:

- a. Log in to ORUS account
- b. Go to update information
- c. Select "Correction/Change/Update of Registration"
- d. Click "Update Information" button
- e. Select "Head Office" then "Validate" button
- f. Click "Information to Update" then select "Change/Update of Taxpayer Classification"
- g. The existing classification shall be displayed while the field to indicate the new classification is open. The Taxpayer shall then choose the desired taxpayer classification then click the "Continue" button
- h. Click the "Add Attachment" button to attach the documentary requirements needed to support the request for change in Taxpayer Classification. In case of a downgrade of classification, except from Small to Micro, additional requirement of gross sales shall be submitted.
- i. Review the encoded information then click the "Submit Application" button. Upon submission an application reference number shall be released
- j. Click "Proceed" button. Taxpayer shall receive an email upon successful submission of application for change in Taxpayer Classification.

Downgrade from small to micro shall automatically be approved. For other downgrade, it shall be manually approved by the RDO within seven (7) working days from the date of its submission. Taxpayer is to be notified of the action taken whether the application is approved or disapproved.

The BIR likewise announces the resumption of the following services online through the ORUS, to wit:

- a. Registration of Business and Issuance of Electronic Certificate of Registration (ECOR) and Authority to Print (ATP) with Electronic Payment (e-Payment) of Loose Documentary Stamp Tax (DST)
- b. Registration of New Branch
- c. Application for Authority to Print (Subsequent)

Taxpayers who already have access to ORUS shall continue using their log in details. These updates are automatically updated into their account. Non-users shall apply to get access to ORUS following the requirements of Revenue Memorandum Circular 122-2022.

See link for more information: [RMC No. 113-2024.pdf](#)

Revenue Memorandum Circular 115-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 115-2024 to make certain clarifications on the policies and procedures related to the implementation of the risk-based approach in the verification and processing of Value-Added Tax (VAT) Refund Claims as introduced in Republic Act No. 11976 otherwise known as the Ease of Paying Taxes Act.

The following is the simplified Q&A as derived from the said revenue issuance:

Q1: Is the submission of complete documentary requirements in Annex A.1. of RMC 71-2023 required regardless of risk classification?

A1: Yes. These are required to be submitted regardless of risk classification of the claim. The risk classification is to be determined after the submission of the complete documentary requirements. *(refer to Question 6)*

Q2: What is considered “complete submission” and what is the effect of non-compliance thereof?

A2: An application with no complete documentary requirements shall not be accepted. Complete requirements means that it should be complete based on the checklist of documentary requirements.

Q3: How can the receiving office ensure that the submission made was complete considering the volume of documents required to be submitted?

A3: During the submission, the receiving office shall perform the following:

- a. Check the completeness and propriety of the application form for VAT refund, particularly those falling under “General Requirements”
- b. Check if the schedules comply with the prescribed format and that the required supporting documents are present but without confirmation if all the indicated transactions are individually supported.

Once the documentary requirements are checked as submitted, they shall be accepted. The thorough review will follow thereafter.

Q4: When does the 90-day period to process VAT refund claims start?

A4: Upon the acceptance of the receiving office of the complete documentary requirements as mentioned in Question 3.

Q5: What is the difference between the “Checklisting” procedure and “Verification” Procedure?

Checklisting is the initial stage in the VAT refund claims and is limited only to checking the completeness of the submitted documents. A thorough checking shall be done after the acceptance.

Verification ensures the correctness and accuracy of documents, involving thorough examination, evaluation and a deeper level of analysis and investigation.

Q6: Is there any change in the sequence of processing of VAT refund claims?

A6: **Yes.** VAT refund claims have to be identified as low, medium and high risk. The sequence in the processing of VAT refund claims shall be as follows:

- a. Checklisting based on the Checklist of Mandatory Requirements;
- b. Thorough (cursory) checking of the completeness of documents submitted for sales and purchases of goods and services after the application has been accepted.
- c. Determination of the risk level of the claim;
- d. Processing and verification for medium and high risk. For low-risk claims, these will be automatically recommended for refund, net of the effect of the sales and purchases that are tagged as “no supporting documents (NSD)”

Q7: What is the effect of the noted “NSD”

A7: Thorough or cursory checking of documentary requirements shall be conducted by the Bureau of Internal Revenue. When a supporting document indicated in the schedules is not found in the physical documents submitted, it shall be tagged as No Supporting Documents (NSD) when the value of No Supporting Documents (NSD) for sales or purchases or both, exceeds one percent (1%) of the total value of the claim for VAT refund, the claim shall be tagged as high-risk automatically.

Q8: What will be the treatment on missing/incomplete information in the schedule of sales and purchases submitted?

A8: Applications with missing/incomplete information (e.g. no reference details, incomplete. No transaction details) in the schedules of sales and purchases shall be automatically classified as high risk thereby requiring 100% verification.

Q9: What is the meaning of “no verification” in the scope of verification of sales and purchases for “low-risk” claims?

A9: There will be no verification of sales and purchases if the claim is classified as low-risk although the taxpayer still has to pass the checklisting to determine the completeness of submitted documents for VAT refund claim.

Q10: What should the assigned Revenue Officer do if they notice any potential findings during the processing of VAT refund claims for low-risk claims?

If the assigned Revenue Officer notices any potential findings during the processing of the VAT refund claims (AFS disclosures, discrepancies in the amounts reported in the VAT returns) these findings shall be:

- a. Endorsed for further verification and/or consolidation with the existing audit if the processing is conducted by an Office other than the BIR office that has jurisdiction over the claimant
- b. Incorporate to the existing audit for the taxable year covered by the claim if processed within the same BIR office that has jurisdiction over the claimant.

The RO shall mention in his/her memorandum the findings noted and the endorsement for further verification.

Q11: What verification procedures to be observed for “Medium Risk” and High Risk Claims?

A11: For both medium and high-risk claims, the verification procedures in RMO 23-2023 shall still apply except for sales and purchases transactions not included in the required percentage of documents to be verified for medium-risk claims.

Q12: What will happen to input VAT claimed from local suppliers that have not been selected for verification but are identified as Cannot Be Located (CBL) taxpayers and/or included in the Run After Fake Transactions (RAFT) program for Medium Risk claims?

A12: These transactions shall form part of the disallowance of the claim pursuant to RMC 29-2023

Q13: What is the effectivity of this Circular?

A11: Immediately upon posting in the BIR website. It shall likewise cover all ongoing VAT refund claims not yet endorsed for review by the reviewing offices upon the effectivity of the issuance.

See link of the Revenue Issuance here: [RMC No. 115-2024.pdf](#)

Annex to the Revenue Issuance can be accessed here: [RMC No. 115-2024 Annex A1.pdf](#)

Revenue Memorandum Circular 117-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Circular 117-2024 circularizing the new BIR Form 1900 for the application of looseleaf Books of Accounts/Invoices and other Accounting Records October 2024 ENCS.

You may refer to the new form through the following link: [RMC No. 117-2024 - Annex A.pdf](#) or the attached file.

B. REVENUE MEMORANDUM ORDER

Revenue Memorandum Order 42-2024

The Bureau of Internal Revenue has issued Revenue Memorandum Order 42-2024 dated 2 October 2024 concerning the automatic classification of VAT Refund Claim of Taxpayers whose applications have incomplete or missing information such as no reference details, incomplete or no transaction details among others on the schedules of sales and purchases following the prescribed format.

This issuance is made by the BIR to amend the pertinent provisions of an earlier issuance in Revenue Memorandum Order 23-2024.

For your reference, refer to this link: [RMO No. 42-2024.pdf](#)

C. FISCAL INCENTIVES AND REVIEW BOARD

FIRB Advisory No. 006-2024

The Fiscal Incentives Review Board (FIRB) has released FIRB Advisory No. 006-2024 implementing interim guidelines on the submission of the employment and compensation data in the Annual Benefits Report (ABR).

According to the advisory, the submission of employment and compensation should be in calendar period. However, as some RBEs are on fiscal year and therefore may not have the employment and compensation data by the time the deadline for submission of ABR and ATIR comes, these RBEs may tentatively report their most recent available employment and compensation data based on either of the following:

- The period covering the start and end of the RBEs fiscal year
- The period covering the calendar year from January 2023 to December 2023

The mode of submission will continue to be governed by FIRB Memorandum Circular 001-2024.

For easier reference, please refer to this link: [FIRB Advisory No. 006-2024: Interim guidelines on the submission of the employment and compensation data in the Annual Benefits Report \(ABR\) – FIRB Website](#)

D. SECURITIES AND EXCHANGE COMMISSION

SEC OGC Opinion No. 24-25

The Securities and Exchange Commission (SEC) Office of the General Counsel has recently released on its website SEC OGC Opinion No. 24-25 dated 19 September 2024 addressing concerns on the possibility of appointing an Assistant Secretary in a Representative Office considering the cost related to consularization of documents needed from the secretary of the corporation located abroad. Below summarizes the opinion of the Office of the General Counsel (OGC):

1. Although the provisions of the Revised Corporation Code are equally applicable to Foreign Corporations as provided under Section 146 of the Revised Corporation Code, however, it does not apply on matters related to

creation, formation, organization or dissolution of corporations or those which fix the relation, liabilities, responsibilities, or duties of stockholders, members, or officers of corporations to each other or to the corporation. Thus, Revised Corporation Code does not apply to the creation of the position of assistant secretary.

2. A representative office has no personality separate from its parent company. For all intents and purposes, it is another office or unit within the organizational structure of its parent company. For this reason, the parent company has the authority to create and consequently appoint officers and/or personnel of its representative office, as may be permitted by its by-laws
3. The creation of an assistant secretary position on top of a resident agent position, therefore, is allowed provided that it is provided under the by-laws of the parent corporation. The nationality requirement, however, depends on the parent corporation in the absence of any provision in its by-laws providing the same.

You may refer to this link: [Opinion No. 24-25 Re: Creation of a Local Position of Assistant Secretary in a Representative Office](#)

*****NOTHING FOLLOWS*****