



HOUSE OF REPRESENTATIVES

H. No. 8942

BY REPRESENTATIVES SALCEDA, VILLANUEVA (E.), RIVERA, SUANSING (E.), GARIN (S.), BASCUG, CABATBAT, CANAMA, CASTRO (F.L.), DAGOOC, ECLEO, GARCIA (P.J.), LACSON, LIMKAICHONG, ONG (J.), SAVELLANO, SUANSING (H.), SUNTAY, TAMBUNTING, ZARATE, RODRIGUEZ, CHIPECO, SALIMBANGON, ESPINO, FARIÑAS (R.C.), ROMERO, FUENTEBELLA, VIOLAGO, NOLASCO, TEJADA, KHO (W.), DELOSO-MONTALLA, LAGON, GATCHALIAN, MACAPAGAL ARROYO, PADIERNOS, GORRICETA, SINGSON-MEEHAN, NOGRALES (J.J.), ESCUDERO, COLLANTES, REYES, ARENAS, GO (M.), SALO, DEFENSOR (L.), QUIMBO, SUAREZ (A.), REVILLA, JIMENEZ, VILLA, TAN (A.S.), DY (F.M.C.), HARESCO, FORTUN, DALIPE, MACEDA, OLIVAREZ AND TAN (A.), PER COMMITTEE REPORT NO. 826

AN ACT
INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING
SECTIONS 21, 22, 51, 56, 58, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114, 115,
116, 128, 200, 236, 237, 245 and 248, AND ADDING SECTIONS 291 AND 292 OF
REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS “THE NATIONAL
INTERNAL REVENUE CODE OF 1997”, AS AMENDED

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

- 1 SECTION 1. *Title.* – This Act shall be known as the “Ease of Paying Taxes Act.”
- 2 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State:
- 3 (1) To provide a healthy environment for the tax paying public that protects and
- 4 safeguards taxpayer rights and welfare, as well as assures the fair treatment of all taxpayers;
- 5 (2) To modernize tax administration and improve its efficiency and effectiveness by
- 6 providing mechanisms that encourage proper and easy compliance at the least cost and
- 7 resources possible;

1 (3) To update the taxation system, adopt best practices, and replace antiquated
2 procedures such as requiring the filing of a return or declaration for the payment of taxes or the
3 “pay as you file” system and restriction of venue for filing and payment; and

4 (4) To enact policies and procedures which are appropriate to different types of
5 taxpayers.

6 SEC. 3. Section 21 of the National Internal Revenue Code of 1997, as amended, is
7 hereby amended to read as follows:

8 “SEC. 21. *Sources of Revenue*[. -] **AND CLASSIFICATION OF**
9 **TAXPAYERS.** –

10 “(A) The following taxes, fees and charges are deemed to be national
11 internal revenue taxes:

12 “(a) Income tax;

13 “(b) Estate and donor’s taxes;

14 “(c) Value-added tax;

15 “(d) Other percentage taxes;

16 “(e) Excise taxes;

17 “(f) Documentary stamp taxes; and

18 “(g) Such other taxes as are or hereafter may be imposed and
19 collected by the Bureau of Internal Revenue.

20 “(B) **CLASSIFICATION OF TAXPAYERS – FOR PURPOSES OF**
21 **RESPONSIVE TAX ADMINISTRATION, THE SECRETARY OF**
22 **FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER,**
23 **SHALL ESTABLISH REASONABLE CRITERIA FOR CLASSIFYING**
24 **TAXPAYERS, TAKING INTO CONSIDERATION THEIR CAPACITY**
25 **TO COMPLY WITH TAX RULES AND REGULATIONS, THE**
26 **AMOUNT AND TYPE OF TAX PAID, THE GROSS SALES AND/OR**
27 **RECEIPTS OF THE TAXPAYER, AS WELL AS INFLATION,**
28 **VOLUME OF BUSINESS, WAGE AND EMPLOYMENT LEVELS, AND**
29 **SIMILAR ECONOMIC AND FINANCIAL FACTORS: *PROVIDED,***
30 **THAT THE SECRETARY OF FINANCE SHALL PROVIDE**
31 **CLASSIFICATIONS FOR LARGE AND MEDIUM TAXPAYERS AND**
32 **INTRODUCE ADDITIONAL CLASSIFICATION OF TAXPAYERS AS**

1 MAY BE DEEMED NECESSARY AND REASONABLE TO ACHIEVE
2 BETTER SERVICE AND TAX ADMINISTRATION: *PROVIDED,*
3 *FURTHER,* THAT FOR EVERY CLASS OF TAXPAYERS, THE
4 BUREAU OF INTERNAL REVENUE MAY PROVIDE FOR A SPECIAL
5 UNIT TO CATER TO THE NEEDS OF TAXPAYERS UNDER SUCH
6 CLASSIFICATION: *PROVIDED, FINALLY,* THAT, FOR EASE OF
7 COMPLIANCE TO TAX RULES AND REGULATIONS, SIMPLIFIED
8 TAX RETURNS AND PROCESSES SHALL BE IMPLEMENTED FOR
9 TAXPAYERS NOT CLASSIFIED AS MEDIUM OR LARGE.”

10 SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as amended, is
11 hereby further amended to read as follows:

12 “SEC. 22. *Definitions.* – When used in this Title:

13 “x x x

14 “(II) THE TERM ‘FILING OF RETURN’ SHALL REFER TO
15 THE ACT OF ACCOMPLISHING AND SUBMITTING THE
16 PRESCRIBED TAX RETURN TO THE BUREAU OF INTERNAL
17 REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED
18 UNDER EXISTING RULES AND REGULATIONS.

19 “(JJ) THE TERM ‘PAYMENT OF TAX’ OR ‘REMITTANCE OF
20 TAX’ SHALL REFER TO THE ACT OF DELIVERING THE AMOUNT
21 OF TAX DUE OR WITHHELD TO THE BUREAU OF INTERNAL
22 REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED
23 UNDER EXISTING RULES AND REGULATIONS.”

24 SEC. 5. Section 51 of the National Internal Revenue Code of 1997, as amended, is
25 hereby further amended to read as follows:

26 “SEC. 51. *Individual Returns.* –

27 “x x x

28 “(B) *Where to File.* - Except in cases where the Commissioner otherwise
29 permits, the return shall be filed with [an] ANY authorized agent bank, Revenue
30 District Officer, Collection Agent [or duly authorized Treasurer of the city or
31 municipality in which such person has his legal residence or principal place of

1 business in the Philippines], or if there be no legal residence or place of business
2 in the Philippines, with the Office of the Commissioner.

3 "x x x."

4 SEC. 6. Section 56 of the National Internal Revenue Code of 1997, as amended, is
5 hereby further amended to read as follows:

6 "SEC. 56. *Payment and Assessment of Income Tax for Individuals and*
7 *Corporations.* –

8 "(A) *Payment of Tax.* –

9 "(1) *In General.* – The total amount of tax imposed by this Title shall be
10 paid by the person subject thereto [at the time] **DURING the FILING OF THE**
11 **return [is filed], OR BEFORE IT IS DUE.** In the case of tramp vessels, the
12 shipping agents and/or the husbanding agents, and in their absence, the captains
13 thereof are required to file the return herein provided and pay the tax due
14 thereon before their departure. Upon failure of the said agents or captains to file
15 the return and pay the tax, the Bureau of Customs is hereby authorized to hold
16 the vessel and prevent its departure until proof of payment of the tax is
17 presented or a sufficient bond is filed to answer for the tax due.

18 "x x x."

19 SEC. 7. Section 58 of the National Internal Revenue Code of 1997, as amended, is
20 hereby further amended to read as follows:

21 "SEC. 58. *Return and Payment of Taxes Withheld at Source.* –

22 "(A) *Quarterly Returns and Payments of Taxes Withheld.* – Taxes
23 deducted and withheld under Section 57 by withholding agents shall be covered
24 by a return and paid to, except in cases where the Commissioner otherwise
25 permits, an authorized agent bank, Revenue District Officer, **OR** Collection
26 Agent[or duly authorized Treasurer of the city or municipality where the
27 withholding agent has his legal residence or principal place of business, or
28 where the withholding agent is a corporation, where the principal office is
29 located].

30 "x x x."

31 SEC. 8. Section 77 of the National Internal Revenue Code of 1997, as amended, is
32 hereby amended to read as follows:

1 “SEC. 77. *Place and Time of Filing and Payment of Quarterly Corporate*
2 *Income Tax.* –

3 “(A) *Place of Filing.* – Except as the Commissioner otherwise
4 permits, the quarterly income tax declaration required in Section 75 and the
5 final adjustment return required in Section 76 shall be filed with the authorized
6 agent banks or Revenue District Officer or Collection Agent [or duly authorized
7 Treasurer of the city or municipality having jurisdiction over the location of the
8 principal office of the corporation filing the return or place where its main books
9 of accounts and other data from which the return is prepared are kept].

10 “(B) x x x

11 “(C) *Time of Payment of the Income Tax.* – The income tax due on the
12 corporate quarterly returns and the final adjustment income tax returns
13 computed in accordance with Sections 75 and 76 shall be paid [at the time]
14 **DURING THE FILING OF** the declaration or return [is filed], **OR BEFORE**
15 **IT IS DUE**, in a manner prescribed by the Commissioner.”

16 SEC. 9. Section 81 of the National Internal Revenue Code of 1997, as amended, is
17 hereby amended to read as follows:

18 “SEC. 81. *Filing of Return and Payment of Taxes Withheld.* – Except
19 as the Commissioner otherwise permits, taxes deducted and withheld by the
20 employer on wages of employees shall be covered by a return and paid to an
21 authorized agent bank, **REVENUE DISTRICT OFFICER, OR** Collection
22 Agent[, or the duly authorized Treasurer of the city or municipality where the
23 employer has his legal residence or principal place of business, or in case the
24 employer is a corporation, where the principal office is located].

25 “x x x.”

26 SEC. 10. Section 90 of the National Internal Revenue Code of 1997, as amended, is
27 hereby further amended to read as follows:

28 “SEC. 90. *Estate Tax Returns.* –

29 “x x x

30 “(D) *Place of Filing.* – Except in cases where the Commissioner
31 otherwise permits, the return required under Subsection (A) shall be filed with
32 an authorized agent bank, or Revenue District Officer, Collection Officer[, or

1 duly authorized Treasurer of the city or municipality in which the decedent was
2 domiciled at the time of his death] or if there be no legal residence in the
3 Philippines, with the Office of the Commissioner.”

4 SEC. 11. Section 91 of the National Internal Revenue Code of 1997, as amended, is
5 hereby further amended to read as follows:

6 “SEC. 91. *Payment of Tax.* –

7 “(A) *Time of Payment.* – The estate tax imposed by Section 84 shall be
8 paid [at the time] **ON OR BEFORE** the return is filed by the executor,
9 administrator or the heirs.

10 “x x x.”

11 SEC. 12. Section 103 of the National Internal Revenue Code of 1997, as amended, is
12 hereby amended to read as follows:

13 “SEC. 103. *Filing of Return and Payment of Tax.* –

14 “(A) x x x

15 “(B) *Time and Place of Filing and Payment.* – The return of the donor
16 required in this Section shall be filed within thirty (30) days after the date the
17 gift is made and the tax due thereon shall be paid [at the time of filing]
18 **DURING THE FILING OF THE DECLARATION OR RETURN, OR**
19 **BEFORE IT IS DUE, IN A MANNER PRESCRIBED BY THE**
20 **COMMISSIONER.** Except in cases where the Commissioner otherwise
21 permits, the return shall be filed and the tax paid to an authorized agent bank,
22 [the] Revenue District Officer, **OR** Revenue Collection Officer [or duly
23 authorized Treasurer of the city or municipality where the donor was domiciled
24 at the time of the transfer, or if there be no legal residence in the Philippines,
25 with the Office of the Commissioner]. In the case of gifts made by a
26 nonresident, the return may be filed with the Philippine Embassy or Consulate
27 in the country where he is domiciled at the time of the transfer, or directly with
28 the Office of the Commissioner.”

29 SEC. 13. Section 106 of the National Internal Revenue Code of 1997, as amended, is
30 hereby further amended to read as follows:

31 “SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* –

32 “(A) *Rate and Base of Tax.* – x x x

- 1 “(1) x x x
- 2 “(a) x x x
- 3 “(b) x x x
- 4 “(c) x x x
- 5 “(d) x x x
- 6 “(e) x x x

7 **“FOR PURPOSES OF THIS SECTION, [The] THE** term ‘gross
8 selling price’ means the total amount of money or its equivalent which the
9 purchaser pays or is obligated to pay to the seller in consideration of the sale,
10 barter or exchange of the goods or properties, excluding the value-added tax.
11 The excise tax, if any, on such goods or properties shall form part of the gross
12 selling price.

- 13 “(2) x x x
- 14 “(B) x x x
- 15 “(C) x x x

16 **“(D) Sales Returns, Allowances and Sales Discounts.** – The value of
17 goods or properties sold and subsequently returned or for which allowances
18 were granted by a VAT-registered person may be deducted from the gross
19 sales or [receipts] **GROSS SELLING PRICE** for the quarter in which a
20 refund is made or a credit memorandum or refund is issued. Sales discount
21 granted and indicated in the invoice at the time of sale and the grant of which
22 does not depend upon the happening of a future event may be excluded from
23 the gross sales within the same quarter it was given.

- 24 “(E) x x x.”

25 SEC. 14. Section 108 of the National Internal Revenue Code of 1997, as amended, is
26 hereby further amended to read as follows:

27 **“SEC. 108. Value-added Tax on Sale of Services and Use or Lease of**
28 *Properties.* –

29 **“(A) Rate and Base of Tax.** – There shall be levied, assessed and
30 collected, a value-added tax equivalent to twelve percent (12%) of **THE** gross
31 [receipts] **SELLING PRICE** derived from the sale or exchange of services,
32 including the use or lease of properties.

- 33 “x x x

1 **“FOR PURPOSES OF THIS SECTION, [The] THE** term ‘gross
2 **[receipts] SELLING PRICE’** means the total amount of money or its
3 equivalent [representing the contract price, compensation, service fee, rental or
4 royalty, including the amount charged for materials supplied with the services
5 and deposits and advanced payments actually or constructively received during
6 the taxable quarter for the services performed or to be performed for another
7 person,] **WHICH THE PURCHASER PAYS OR IS OBLIGATED TO**
8 **PAY TO THE SELLER IN CONSIDERATION OF THE SALE,**
9 **BARTER, OR EXCHANGE OF SERVICES, AND THE USE OR LEASE**
10 **OF PROPERTIES,** excluding value-added tax.

11 “x x x.”

12 SEC. 15. Section 109 of the National Internal Revenue Code of 1997, as amended, is
13 hereby further amended to read as follows:

14 “SEC. 109. *Exempt Transactions.* –

15 “(1) Subject to the provisions of Subsection (2) hereof, the following
16 transactions shall be exempt from the value-added tax:

17 “x x x

18 “(CC) Sale or lease of goods or properties or the performance of services
19 other than the transactions mentioned in the preceding paragraphs, the gross
20 annual sales [and/or receipts] do not exceed the amount of Three million pesos
21 (P3,000,000)[.]: **PROVIDED, THAT THE AMOUNT HEREIN STATED**
22 **SHALL BE ADJUSTED TO ITS PRESENT VALUE NOT LATER THAN**
23 **JANUARY 31, 2021, AND EVERY THREE (3) YEARS THEREAFTER,**
24 **BASED ON THE CONSUMER PRICE INDEX THAT IS PUBLISHED**
25 **BY THE PHILIPPINE STATISTICS AUTHORITY (PSA).”**

26 SEC. 16. Section 110 of the National Internal Revenue Code of 1997, as amended, is
27 hereby further amended to read as follows:

28 “SEC. 110. *Tax Credits.* –

29 “(A) *Creditable Input Tax.* –

30 “(1) Any input tax evidenced by a VAT invoice [or official receipt]
31 issued in accordance with Section 113 hereof on the following transactions shall
32 be creditable against the output tax:

- 1 “(a) Purchase or importation of goods:
2 “(i) For sale; or
3 “(ii) For conversion into or intended to form part of a finished
4 product for sale including packaging materials; or
5 “(iii) For use as supplies in the course of business; or
6 “(iv) For use as materials supplied in the sale of service; or
7 “(v) For use in trade or business for which deduction for
8 depreciation or amortization is allowed under this Code.
9 “(b) Purchase of services on which a value-added tax has been
10 actually paid.

11 “x x x.”

12 SEC. 17. Section 112 of the National Internal Revenue Code of 1997, as amended, is
13 hereby further amended to read as follows:

14 “SEC. 112. *Refunds or Tax Credits of Input Tax.* –

15 “x x x

16 “(C) *Period within which THE Refund of Input Taxes shall be Made.* –

17 In proper cases, the Commissioner shall grant a refund for creditable input
18 taxes within ninety (90) days from the date of submission of the [official receipt
19 or] invoices and other documents in support of the application filed in
20 accordance with Subsections (A) and (B) hereof: *Provided*, That should the
21 Commissioner find that the grant of refund is not proper, the Commissioner
22 must state in writing the legal and factual basis for the denial.

23 “x x x.”

24 SEC. 18. Section 113 of the National Internal Revenue Code of 1997, as amended, is
25 hereby amended to read as follows:

26 “SEC. 113. *Invoicing and Accounting Requirements for VAT-Registered*
27 *Persons.* –

28 “(A) *Invoicing Requirement[s].* – A VAT-registered person shall
29 issue[:

30 “(1) A] A VAT invoice for every sale, barter or exchange, **OR LEASE**
31 of goods or properties[; and

1 “(2) A VAT official receipt for every lease of goods or properties,] and
2 for every sale, barter or exchange of services.

3 “(B) *Information Contained in the VAT Invoice [or VAT Official*
4 *Receipt]*. – The following information shall be indicated in the VAT invoice [or
5 VAT official receipt]:

6 “(1) A statement that the seller is a VAT-registered person, followed by
7 his Taxpayer’s Identification Number (TIN);

8 “(2) The total amount which the purchaser pays or is obligated to pay to
9 the seller with the indication that such amount includes the value-added tax:
10 *Provided, That:*

11 “(a) The amount of the tax shall be shown as a separate item in the
12 invoice [or receipt];

13 “(b) If the sale is exempt from value-added tax, the term ‘VAT-exempt
14 sale’ shall be written or printed prominently on the invoice [or receipt];

15 “(c) If the sale is subject to zero percent (0%) value-added tax, the term
16 ‘zero-rated sale’ shall be written or printed prominently on the invoice [or
17 receipt];

18 “(d) If the sale involves goods, properties or services some of which are
19 subject to and some of which are VAT zero-rated or VAT-exempt, the invoice
20 [or receipt] shall clearly indicate the break-down of the sale price between its
21 taxable, exempt and zero-rated components, and the calculation of the value-
22 added tax on each portion of the sale shall be shown on the invoice [or receipt]:
23 *Provided, That* the seller may issue separate invoices [or receipts] for the
24 taxable, exempt, and zero-rated components of the sale.

25 “(3) x x x

26 “(4) x x x

27 “(C) x x x

28 “(D) *Consequence of Issuing AN Erroneous VAT Invoice [or VAT*
29 *Official Receipt]*. –

1 “(1) If a person who is not a VAT-registered person issues an invoice [or
2 receipt] showing his Taxpayer Identification Number (TIN), followed by the
3 word ‘VAT’:

4 “(a) The issuer shall, in addition to any liability to other percentage taxes,
5 be liable to:

6 “(i) The tax imposed in Section 106 or 108 without the benefit of any
7 input tax credit; and

8 “(ii) A fifty percent (50%) surcharge under Section 248 (B) of this Code;

9 “(b) The VAT shall, if the other requisite information required under
10 Subsection (B) hereof is shown on the invoice [or receipt], be recognized as an
11 input tax credit to the purchaser under Section 110 of this Code.

12 “(2) If a VAT-registered person issues a VAT invoice [or VAT official
13 receipt] for a VAT-exempt transaction, but fails to display prominently on the
14 invoice [or receipt] the term ‘VAT-exempt sale’, the issuer shall be liable to
15 account for the tax imposed in Section 106 or 108 as if Section 109 did not
16 apply.

17 “x x x.”

18 SEC. 19. Section 114 of the National Internal Revenue Code of 1997, as amended, is
19 hereby further amended to read as follows:

20 “SEC. 114. *Return and Payment of Value-Added Tax.* –

21 “(A) *In General.* — Every person liable to pay the value-added tax
22 imposed under this Title shall file a quarterly return of the amount of his gross
23 sales [or receipts] within twenty-five (25) days following the close of each
24 taxable quarter prescribed for each taxpayer: *Provided, however,* That VAT-
25 registered persons shall pay the value-added tax on a monthly basis: *Provided,*
26 *finally,* That beginning January 1, 2023, the filing and payment required under
27 this Subsection shall be done within twenty-five (25) days following the close
28 of each taxable quarter.

29 “x x x

30 “(B) *Where to File the Return and Pay the Tax.* – Except as the
31 Commissioner otherwise permits, the return shall be filed with and the tax paid
32 to an authorized agent bank, **OR** Revenue Collection Officer [or duly

1 authorized city or municipal Treasurer in the Philippines located within the
2 revenue district where the taxpayer is registered or required to register].

3 "x x x."

4 SEC. 20. Section 115 of the National Internal Revenue Code of 1997, as amended, is
5 hereby amended to read as follows:

6 "SEC. 115. *Power of the Commissioner to Suspend the Business*
7 *Operations of a Taxpayer.* – The Commissioner or his authorized
8 representative is hereby empowered to suspend the business operations and
9 temporarily close the business establishment of any person for any of the
10 following violations:

11 "(a) *In the case of a VAT-registered Person.* –

12 "(1) Failure to issue [receipts or] invoices;

13 "(2) Failure to file a value-added tax return as required under Section
14 114; or

15 "(3) Understatement of taxable sales [or receipts] by thirty percent (30%)
16 or more of his correct taxable sales [or receipts] for the taxable quarter.

17 "x x x."

18 SEC. 21. Section 116 of the National Internal Revenue Code of 1997, as amended, is
19 hereby further amended to read as follows:

20 "SEC. 116. *Tax on Persons Exempt from Value-added Tax (VAT).* –

21 Any person whose sales [or receipts] are exempt under Section 109 (BB) of this
22 Code from the payment of value-added tax and who is not a VAT-registered
23 person shall pay a tax equivalent to three percent (3%) of his gross quarterly
24 sales [or receipts]: *Provided*, That cooperatives shall be exempt from the three
25 percent (3%) gross receipts tax herein imposed."

26 SEC. 22. Section 128 of the National Internal Revenue Code of 1997, as amended, is
27 hereby amended to read as follows:

28 "SEC. 128. *Returns and Payment of Percentage Taxes.* –

29 "x x x

30 "(B) *Where to File.* – Except as the Commissioner otherwise permits,
31 every person liable to the percentage tax under this Title [may, at his option,]
32 **SHALL** file a [separate return for each branch or place of business, or] [a]
33 consolidated return for all branches or places of business with [the] AN

1 authorized agent bank, Revenue District Officer, **OR** Collection Agent [or duly
2 authorized Treasurer of the city or municipality where said business or principal
3 place of business is located, as the case may be].”

4 SEC. 23. Section 200 of the National Internal Revenue Code of 1997, as amended, is
5 hereby amended to read as follows:

6 “SEC. 200. *Payment of Documentary Stamp Tax.* –

7 “x x x

8 “(C) *Where to File.* – Except in cases where the Commissioner otherwise
9 permits, the aforesaid tax return shall be filed with and the tax due shall be paid
10 through the authorized agent bank [within the territorial jurisdiction of the
11 Revenue District Office which has jurisdiction over the residence or principal
12 place of business of the taxpayer]. In places where there is no authorized agent
13 bank, the return shall be filed with [the] A Revenue District Officer[,] **OR**
14 collection agent[, or duly authorized Treasurer of the city or municipality in
15 which the taxpayer has his legal residence or principal place of business].

16 “x x x.”

17 SEC. 24. Section 236 of the National Internal Revenue Code of 1997, as amended, is
18 hereby further amended to read as follows:

19 “SEC. 236. *Registration Requirements.* –

20 “(A) *Requirements.* – Every person subject to any internal revenue tax shall
21 register once with the appropriate Revenue District Officer:

22 “(1) Within ten (10) days from date of employment, or

23 “(2) On or before the commencement of business, or

24 “(3) Before payment of any tax due, or

25 “(4) Upon filing of a return, statement or declaration as required in this
26 Code.

27 “The registration shall contain the taxpayer’s name, [style,] place of
28 residence, business, and such other information as may be required by the
29 Commissioner in the form prescribed therefor: *Provided, THAT THE*
30 **COMMISSIONER SHALL ENSURE THE AVAILABILITY OF**
31 **REGISTRATION FACILITIES TO TAXPAYERS WHO ARE NOT**
32 **RESIDING IN THE COUNTRY: PROVIDED, FURTHER,** That the

1 Commissioner shall simplify the business registration and tax compliance
2 requirements of self-employed individuals and/or professionals.

3 "x x x

4 "[B) *Annual Registration Fee.* – An annual registration fee in the
5 amount of Five hundred pesos (P500) for every separate or distinct
6 establishment or place of business, including facility types where sales
7 transactions occur, shall be paid upon registration and every year thereafter on
8 or before the last day of January: *Provided, however,* That cooperatives,
9 individuals earning purely compensation income, whether locally or abroad,
10 and overseas workers are not liable to the registration fee herein imposed.

11 "The registration fee shall be paid to an authorized agent bank located
12 within the revenue district, or to the Revenue Collection Officer, or duly
13 authorized Treasurer of the city or municipality where each place of business
14 or branch is registered.]

15 "[C) (B) *Registration of Each Type of Internal Revenue Tax.* – x x x

16 "[D) (C) *Transfer of Registration.* – x x x

17 "[E) (D) *Other Updates.* – x x x

18 "[F) (E) *Cancellation of Registration.* – x x x

19 "(1) *General Rule.* – The registration of any person who ceases
20 to be liable to a tax type shall be cancelled upon **MERE** filing with the
21 Revenue District Office where he is registered, an application for
22 registration information update in a form prescribed therefor[;].
23 **HOWEVER, THIS SHALL NOT PRECLUDE THE REVENUE**
24 **DISTRICT OFFICER FROM CONDUCTING AN AUDIT IN**
25 **ORDER TO DETERMINE ANY TAX LIABILITY: PROVIDED,**
26 **THAT THE DECISION TO CONDUCT THE AUDIT IS BASED**
27 **ON RISK ASSESSMENT EVALUATION.**

28 "(2) *Cancellation of Value-added Tax Registration.* – x x x

29 "[G) (F) *Persons Required to Register for Value-added Tax.* – x x x

30 "[H) (G) *Optional Registration for Value-added Tax of Exempt*
31 *Person.* – x x x

1 “[(1)] (H) *Supplying of Taxpayer Identification Number (TIN).* –

2 x x x.”

3 SEC. 25. Section 237 of the National Internal Revenue Code of 1997, as amended, is
4 hereby further amended to read as follows:

5 “SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.* –

6 “(A) *Issuance.* – All persons subject to an internal revenue tax shall, at
7 the point of each sale and transfer of merchandise or for services rendered
8 valued at One hundred pesos (P100) or more, issue duly registered receipts or
9 sale or commercial invoices, showing the date of transaction, quantity, unit cost
10 and description of merchandise or nature of service: *Provided, however,* That
11 where the receipt is issued to cover payment made as rentals, commissions,
12 compensation or fees, receipts or invoices shall be issued which shall show the
13 name[, business style, if any,] and address of the purchaser, customer or client:
14 *Provided, further,* That where the purchaser is a VAT-registered person, in
15 addition to the information herein required, the invoice or receipt shall further
16 show the Taxpayer Identification Number (TIN) of the purchaser.

17 “x x x.”

18 SEC. 26. Section 245 of the National Internal Revenue Code of 1997, as amended, is
19 hereby amended to read as follows:

20 “SEC. 245. *Specific Provisions to be Contained in Rules and*
21 *Regulations.* – The rules and regulations of the Bureau of Internal Revenue shall,
22 among other things, contain provisions specifying, prescribing or defining:

23 “x x x

24 “(j) The manner in which internal revenue taxes, such as income tax,
25 including withholding tax, estate and donor's taxes, value-added tax, other
26 percentage taxes, excise taxes and documentary stamp taxes shall be paid
27 through the collection officers of the Bureau of Internal Revenue or through
28 duly authorized agent banks which are hereby deputized to receive payments of
29 such taxes and the returns, papers and statements that may be filed by the
30 taxpayers in connection with the payment of the tax: *Provided, however,* That
31 notwithstanding the other provisions of this Code prescribing the place of filing
32 of returns and payment of taxes, the Commissioner may, by rules and
33 regulations, require that the tax returns, papers and statements and taxes of

1 **MEDIUM AND** large taxpayers be filed and paid, respectively, through
2 collection officers or through duly authorized agent banks[: *Provided, further,*
3 That the Commissioner can exercise this power within six (6) years from the
4 approval of Republic Act No. 7646 or the completion of its comprehensive
5 computerization program, whichever comes earlier]: *Provided, [finally]*
6 **FURTHER**, That separate venues for the Luzon, Visayas and Mindanao areas
7 may be designated for the filing of tax returns and payment of taxes by said
8 **MEDIUM AND** large taxpayers.

9 “[For purposes of this Section, 'large taxpayer' means a taxpayer who
10 satisfies any of the following criteria:

11 "(1) Value-Added Tax (VAT) – Business establishment with VAT
12 paid or payable of at least One hundred thousand pesos
13 (P100,000) for any quarter of the preceding taxable year;

14 "(2) Excise Tax – Business establishment with excise tax paid or
15 payable of at least One million pesos (P1,000,000) for the
16 preceding taxable year;

17 "(3) Corporate Income Tax – Business establishment with annual
18 income tax paid or payable of at least One million pesos
19 (P1,000,000) for the preceding taxable year; and

20 "(4) Withholding Tax – Business establishment with withholding tax
21 payment or remittance of at least One million pesos
22 (P1,000,000) for the preceding taxable year.

23 “*Provided, however,* That the Secretary of Finance, upon recommendation of the
24 Commissioner, may modify or add to the above criteria for determining a large
25 taxpayer after considering such factors as inflation, volume of business, wage
26 and employment levels, and similar economic factors.]

27 “The penalties prescribed under Section 248 of this Code shall be imposed on
28 any violation of the rules and regulations issued by the Secretary of Finance,
29 upon recommendation of the Commissioner, prescribing the place of filing of
30 returns and payments of taxes by **MEDIUM AND** large taxpayers.”

31 SEC. 27. Section 248 of the National Internal Revenue Code of 1997, as amended, is
32 hereby amended to read as follows:

33 “SEC. 248. *Civil Penalties.* –

1 “(A) There shall be imposed, in addition to the tax required to be paid,
2 a penalty equivalent to twenty-five percent (25%) of the amount due, in the
3 following cases:

4 “(1) Failure to file any return and pay the tax due thereon as required
5 under the provisions of this Code or rules and regulations on the date
6 prescribed; or

7 “[(2) Unless otherwise authorized by the Commissioner, filing a return
8 with an internal revenue officer other than those with whom the return
9 is required to be filed;]

10 “[(3)] (2) Failure to pay the deficiency tax within the time prescribed for
11 its payment in the notice of assessment; or

12 “[(4)] (3) Failure to pay the full or part of the amount of tax shown on
13 any return required to be filed under the provisions of this Code or rules
14 and regulations, or the full amount of tax due for which no return is
15 required to be filed, on or before the date prescribed for its payment.

16 “x x x.”

17 SEC. 28. A new Title XIV shall be added in the National Internal Revenue Code of
18 1997, as amended, to read as follows:

19 **“TITLE XIV**

20 **“RIGHTS OF TAXPAYERS**

21 **“SEC. 291. TAXPAYER’S BILL OF RIGHTS. – IN ADDITION TO**
22 **THE RIGHTS AND REMEDIES OF THE TAXPAYER PROVIDED IN**
23 **THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS**
24 **AMENDED, THE TAXPAYER SHALL HAVE THE FOLLOWING SET**
25 **OF FUNDAMENTAL RIGHTS:**

26 **“(1) TO PAY NO MORE THAN THE CORRECT AMOUNT**
27 **OF TAX;**

28 **“(2) TO A FAIR AND JUST TAX SYSTEM;**

29 **“(3) TO BE INFORMED WITH TIMELY AND EASY TO**
30 **UNDERSTAND INFORMATION;**

31 **“(4) TO QUALITY SERVICE AND TAX EDUCATION;**

1 “(5) TO THE CONSISTENT AND TRANSPARENT
2 APPLICATION OF THE LAW;

3 “(6) TO HAVE THE CLASSIFICATION OF TAXPAYER
4 CONSIDERED WHENEVER TAX RULES ARE
5 PREPARED AND ENFORCED;

6 “(7) TO PRIVACY AND CONFIDENTIALITY OF
7 INFORMATION, UNLESS AUTHORIZED BY THE
8 TAXPAYER OR BY LAW;

9 “(8) TO SPEEDY DISPOSITION OF CASES,
10 ASSESSMENTS, AUDITS, INVESTIGATIONS AND
11 OTHER SIMILAR ACTIONS;

12 “(9) TO FINALITY OF TAX CASES; AND

13 “(10) TO BE PROTECTED AGAINST MALICIOUS,
14 EXCESSIVE, AND WRONGFUL ASSESSMENTS AND
15 TO SEEK REDRESS FOR THE SAME.

16 “SEC. 292. *TAXPAYERS’S ADVOCATE OFFICE.* – THE
17 OFFICE OF THE TAX ADVOCATE IS HEREBY CREATED UNDER
18 THE SUPERVISION AND CONTROL OF THE DEPARTMENT OF
19 FINANCE AND INDEPENDENT FROM THE BUREAU OF
20 INTERNAL REVENUE. ITS POWERS AND DUTIES SHALL
21 INCLUDE:

22 “(1) ENSURE THAT THE RIGHTS OF THE TAXPAYERS
23 ARE PROTECTED AND PROVIDE ASSISTANCE TO THE
24 TAXPAYERS IN RELATION THERETO;

25 “(2) IDENTIFY SYSTEMIC PROBLEMS WITHIN THE
26 BUREAU OF INTERNAL REVENUE WHICH HAMPERS
27 EFFICIENT AND FAIR TAX ADMINISTRATION AND PROPOSE
28 CHANGES THEREIN TO MITIGATE IDENTIFIED PROBLEMS,
29 WHETHER ADMINISTRATIVE OR LEGISLATIVE IN NATURE;

1 “(3) REPORT DIRECTLY TO THE COMMISSIONER OF
2 INTERNAL REVENUE OUTPUTS AND OUTCOMES THAT
3 RESULT FROM THE EXECUTION OF ITS DUTIES, AND
4 COORDINATE ITS OTHER FUNCTIONS SUCH AS, BUT NOT
5 LIMITED TO, THE DEVELOPMENT AND IMPLEMENTATION OF
6 PROGRAMS THAT WILL HELP EDUCATE TAXPAYERS AND
7 EFFECTIVELY DISSEMINATE THE TAXPAYERS’S BILL OF
8 RIGHTS; AND

9 “(4) PERFORM SUCH OTHER FUNCTIONS AS MAY BE
10 PROVIDED BY LAW OR REQUIRED BY THE SECRETARY OF
11 FINANCE.”

12 SEC. 29. Title XIV and Title XV of the National Internal Revenue Code of 1997, as
13 amended, are hereby renumbered as Title XV and Title XVI, respectively, and the succeeding
14 sections shall be renumbered accordingly.

15 SEC. 30. *Separability Clause.* – If any provision of this Act is declared unconstitutional,
16 the remaining parts or provision not affected thereby shall remain in full force and effect.

17 SEC. 31. *Repealing Clause.* – All laws, decrees, executive orders, implementing rules
18 and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are
19 deemed repealed, amended or modified accordingly.

20 SEC. 32. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication
21 in the *Official Gazette* or in a newspaper of general circulation.

Approved,