



NINETEENTH CONGRESS OF THE]
REPUBLIC OF THE PHILIPPINES]
First Regular Session]

22 SEP 27 P 1:13

RECEIVED BY:

SENATE

S.B. No. 1346

Introduced by SEN. WIN GATCHALIAN

AN ACT
INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING SECTIONS
22, 51, 56, 57, 58, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114,
115, 116, 117, 118, 119, 120, 128, 200, 236, 237, 245, and 248 OF THE
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR
OTHER PURPOSES

EXPLANATORY NOTE

The passage of Republic Act (RA) No. 10963 or the TRAIN law, and RA 11534 or the CREATE law laid down the groundwork for reforming our tax regimes by making it more equitable and simplified for the benefit of the taxpayers. However, such progress will be for naught if the appropriate administrative reforms will not be put into place.

Administrative feasibility is one of the canons of a sound tax system. It simply means that the tax system should be capable of being effectively administered and enforced with the least inconvenience to the taxpayer.¹ In the Philippines, the self-assessment system, where the taxpayer computes the tax due himself, is used to determine the taxpayer's internal revenue taxes due to the government. As it puts the burden of computing tax liability to the taxpayer, it is important that the government puts in place a tax administration system that is effective and expedient with an end goal of promoting taxpayers' ease of compliance of tax laws and regulations.

¹ Diaz vs. Secretary of Finance, 654 SCRA 96, July 19, 2011

Taxpayers are the government's clients, and it is incumbent upon the government to be efficient and innovative in its delivery of services. The goal must be to provide taxpayers with convenient and responsive service so as to encourage them to pay their taxes truthfully and timely.

The current Philippine tax administration system needs to be modernized by streamlining processes and lifting barriers that prevent taxpayers from complying with tax laws with ease. Thus, this bill proposes to introduce the following administrative reforms to simplify tax compliance and strengthen taxpayer rights as follows:

- 1) Provide taxpayers the option of filing their returns, and paying the taxes due thereon either personally or through electronic means;
- 2) Allow payment of internal revenue taxes due to any authorized agent bank (AAB), and not only limited to AABs in the revenue district office where the taxpayer is registered;
- 3) Remove the option to pay internal revenue taxes to city or municipal treasurer with jurisdiction over the taxpayer;
- 4) Eliminate the distinction between documentation and basis of sales of goods and services, thereby requiring sales invoice for both;
- 5) Allow the adjustment of the VAT exemption threshold based on the Consumer Price Index (CPI) not later than January 1, 2023 and every 3 years thereafter; and
- 6) Ensure the availability of registration facilities to taxpayers not residing in the country.

These administrative reforms will not only give premium to taxpayers' welfare but also guarantee sustained revenue growth for the country and the future generations.

In view of the foregoing, the passage of this measure is earnestly sought.



WIN GATCHALIAN



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AN ACT

**INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING
SECTIONS 22, 51, 56, 57, 58, 77, 81, 90, 91, 103, 106, 108, 109,
110, 112, 113, 114, 115, 116, 117, 118, 119, 120, 128, 200, 236,
237, 245, and 248 OF THE NATIONAL INTERNAL REVENUE CODE OF
1997, AS AMENDED, AND FOR OTHER PURPOSES**

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

1 **SECTION 1.** *Title.* – This Act shall be known as the "Ease of Paying
2 Taxes Act."

3

4 **SEC. 2.** *Declaration of Policy.* – It is hereby declared the policy of the
5 State:

6 (1) To provide a healthy environment for the tax paying public that
7 protects and safeguards taxpayer rights and welfare, as well as assures the fair
8 treatment of all taxpayers;

9 (2) To modernize tax administration and improve its efficiency and
10 effectiveness by providing mechanisms that encourage proper and easy
11 compliance at the least cost and resources possible;

12 (3) To update the taxation system, adopt best practices, and replace
13 antiquated procedures such as requiring the filing of a return or declaration for

1 the payment of taxes or the "pay as you file" system and restriction of venue
2 for filing and payment; and

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

5
6 **SEC. 3.** Section 22 of the National Internal Revenue Code of 1997, as
7 amended, is hereby further amended to read as follows:

8 "SEC. 22. *Definitions.* — When used in this Title:

9 x x x

10 **(II) THE TERM ["']FILING OF RETURN['"] SHALL REFER**
11 **TO THE ACT OF ACCOMPLISHING AND SUBMITTING THE**
12 **PRESCRIBED TAX RETURN, IN PAPER FORM OR ELECTRONIC**
13 **FORM, TO THE BUREAU OF INTERNAL REVENUE AS REQUIRED**
14 **UNDER THIS CODE OR AS PRESCRIBED UNDER EXISTING**
15 **RULES AND REGULATIONS.**

16 **(KK) THE TERM ["']PAYMENT OF TAX['"] OR**
17 **["']REMITTANCE OF TAX['"] SHALL REFER TO THE ACT OF**
18 **DELIVERING THE AMOUNT OF TAX DUE OR WITHHELD, EITHER**
19 **PERSONALLY OR ELECTRONICALLY, TO THE BUREAU OF**
20 **INTERNAL REVENUE AS REQUIRED UNDER THIS CODE OR AS**
21 **PRESCRIBED UNDER EXISTING RULES AND REGULATIONS."**

22
23 **SEC. 4.** Section 51 of the National Internal Revenue Code of 1997, as
24 amended, is hereby further amended to read as follows:

25 "SEC. 51. *Individual Returns.* —

26 x x x

27 (B) *Where to File.* - Except in cases where the Commissioner
28 otherwise permits, the return shall be filed, **EITHER PERSONALLY OR**
29 **ELECTRONICALLY**, with an **Y** authorized agent bank, Revenue District
30 Officer, **OR** Collection Agent ~~[or duly authorized Treasurer of the~~
31 ~~city or municipality in which such person has his legal residence~~
32 ~~or principal place of business in the Philippines, or if there be~~

1 ~~no legal residence or place of business in the Philippines, with~~
2 ~~the Office of the Commissioner.]”~~

3 x x x

4 (D) *Husband and Wife.* - Married individuals, whether citizens,
5 resident or nonresident aliens, who do not derive income purely from
6 compensation, shall file, **EITHER PERSONALLY OR**
7 **ELECTRONICALLY**, a return for the taxable year to include the income
8 of both spouses, but where it is impracticable for the spouses to file one
9 return, each spouse may file a separate return of income but the returns
10 so filed shall be consolidated by the Bureau for purposes of verification
11 for the taxable year.

12
13 **SEC. 5.** Section 56 of the National Internal Revenue Code of 1997, as
14 amended, is hereby further amended to read as follows:

15 “SEC. 56. *Payment and Assessment of Income Tax for Individuals*
16 *and Corporations.* –

17 (A) *Payment of Tax.* –

18 (1) *In General.* – The total amount of tax imposed by this
19 Title shall be paid, **EITHER PERSONALLY OR**
20 **ELECTRONICALLY**, by the person subject thereto [~~at the~~
21 ~~time]~~ **DURING the FILING OF THE** return [~~is filed~~]. In the
22 case of tramp vessels, the shipping agents and/or the husbanding
23 agents, and in their absence, the captains thereof are required to
24 file the return herein provided and pay the tax due thereon before
25 their departure. Upon failure of the said agents or captains to file
26 the return and pay the tax, the Bureau of Customs is hereby
27 authorized to hold the vessel and prevent its departure until proof
28 of payment of the tax is presented or a sufficient bond is filed to
29 answer for the tax due.”

30
31 **SEC. 6.** Section 57 of the National Internal Revenue Code of 1997, as
32 amended, is hereby further amended to read as follows:

1 SEC. 57. *Withholding of Tax at Source.* —

2 (A) x x x

3 (B) x x x

4 (C) **TIMING OF WITHHOLDING TAXES. — THE**
5 **OBLIGATION TO DEDUCT AND WITHHOLD THE TAX**
6 **ARISES AT THE TIME PAYMENT IS MADE.**

7 (D) ~~[(C)]~~ *Tax-free Covenant Bonds - xxx*

8
9 **SEC. 7.** Section 58 of the National Internal Revenue Code of 1997, as
10 amended, is hereby further amended to read as follows:

11 “SEC. 58. *Return and Payment of Taxes Withheld at Source.* —

12 (A) *Quarterly Returns and Payments of Taxes Withheld.* —

13 Taxes deducted and withheld under Section 57 by withholding agents
14 shall be covered by a return and paid to, **EITHER PERSONALLY OR**
15 **ELECTRONICALLY**, except in cases where the Commissioner otherwise
16 permits, anY authorized agent bank (AAB), Revenue District Officer, OR
17 Collection Agent [~~, or duly authorized Treasurer of the city or~~
18 ~~municipality where the withholding agent has his legal~~
19 ~~residence or principal place of business, or where the~~
20 ~~withholding agent is a corporation, where the principal office is~~
21 ~~located].”~~

22
23 **SEC. 8.** Section 77 of the National Internal Revenue Code of 1997, as
24 amended, is hereby amended to read as follows:

25 “SEC. 77. *Place and Time of Filing and Payment of Quarterly Corporate*
26 *Income Tax.* —

27 (A) *Place of Filing.* — Except as the Commissioner otherwise

28 permits, the quarterly income tax declaration required in Section 75 and
29 the final adjustment return required in Section 76 shall be filed **EITHER**
30 **PERSONALLY OR ELECTRONICALLY**, with [~~the~~] **ANY [authorized**
31 **agent bank]** AAB or Revenue District Officer or Collection Agent [~~or~~

1 ~~duly authorized Treasurer of the city or municipality having~~
2 ~~jurisdiction over the location of the principal office of the~~
3 ~~corporation filing the return or place where its main books of~~
4 ~~accounts and other data from which the return is prepared are~~
5 ~~kept].~~

6 (B) *Time of Filing the Income Tax Return.* - The corporate
7 quarterly declaration shall be filed, **EITHER PERSONALLY OR**
8 **ELECTRONICALLY**, within sixty (60) days following the close of each
9 of the first three (3) quarters of the taxable year. The final adjustment
10 return shall be filed on or before the fifteenth (15th) day of April, or on
11 or before the fifteenth (15th) day of the fourth (4th) month following
12 the close of the fiscal year, as the case may be.

13 (C) *Time of Payment of the Income Tax.* - The income tax due
14 on the corporate quarterly returns and the final adjustment income tax
15 returns computed in accordance with Sections 75 and 76 shall be paid,
16 **EITHER PERSONALLY OR ELECTRONICALLY, [at the time]**
17 **DURING THE FILING OF** the declaration or return **[is filed]**, in a
18 manner prescribed by the Commissioner."
19

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

22 "SEC. 81. *Filing of Return and Payment of Taxes Withheld.* -
23 Except as the Commissioner otherwise permits, taxes deducted and
24 withheld by the employer on wages of employees shall be covered by a
25 return and paid, **EITHER PERSONALLY OR ELECTRONICALLY**, to
26 anY **[authorized agent bank] AAB, REVENUE DISTRICT**
27 **OFFICER, OR** Collection Agent ~~[, or the duly authorized Treasurer~~
28 ~~of the city or municipality where the employer has his legal~~
29 ~~residence or principal place of business, or in case the employer~~
30 ~~is a corporation, where the principal office is located]."~~

31 The return shall be filed and ~~[the payment made]~~ **PAID,**
32 **EITHER PERSONALLY OR ELECTRONICALLY**, within twenty-five

1 (25) days from the close of each calendar quarter: *Provided, however,*
2 That the Commissioner may, with the approval of the Secretary of
3 Finance, require the employers to pay or deposit the taxes deducted and
4 withheld at more frequent intervals, in cases where such requirement is
5 deemed necessary to protect the interest of the Government.

6 The taxes deducted and withheld by employers shall be held in a
7 special fund in trust for the Government until the same are paid to the
8 said collecting officers.

9
10 **SEC. 10.** Section 90 of the National Internal Revenue Code of 1997, as
11 amended, is hereby further amended to read as follows:

12 "SEC. 90. *Estate Tax Returns.* –

13 x x x

14 (D) Place of Filing. – Except in cases where the
15 Commissioner otherwise permits, the return required under
16 Subsection (A) shall be filed, **EITHER PERSONALLY OR**
17 **ELECTRONICALLY**, with anY [~~authorized agent bank~~] AAB,
18 [~~or~~] Revenue District Officer, **OR** Collection Officer[~~, or duly~~
19 ~~authorized Treasurer of the city or municipality in which~~
20 ~~the decedent was domiciled at the time of his death or if~~
21 ~~there be no legal residence in the Philippines, with the~~
22 ~~Office of the Commissioner~~]."

23
24 **SEC. 11.** Section 91 of the National Internal Revenue Code of 1997, as
25 amended, is hereby further amended to read as follows:

26 "SEC. 91. *Payment of Tax.* –

27 (A) *Time of Payment.* – The estate tax imposed by Section
28 84 shall be paid, **EITHER PERSONALLY OR**
29 **ELECTRONICALLY**, [~~at the time~~] **DURING THE FILING OF**
30 the return [~~is filed~~] by the executor, administrator, or the heirs."

31 x x x

1 (D) *Liability for Payment* - The estate tax imposed by
2 Section 84 shall be paid, **EITHER PERSONALLY OR**
3 **ELECTRONICALLY**, by the executor or administrator before
4 delivery to any beneficiary of his distributive share of the estate.
5 Such beneficiary shall to the extent of his distributive share of the
6 estate, be subsidiarily liable for the payment of such portion of
7 the estate tax as his distributive share bears to the value of the
8 total net estate.

9 x x x

10
11 **SEC. 12.** Section 103 of the National Internal Revenue Code of 1997, as
12 amended, is 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
16 the donor required in this Section shall be filed, **EITHER**
17 **PERSONALLY OR ELECTRONICALLY**, within thirty (30) days
18 after the date the gift is made, and the tax due thereon shall be
19 paid, **EITHER PERSONALLY OR ELECTRONICALLY**, [~~at the~~
20 ~~time of filing~~] **DURING THE FILING OF THE DECLARATION**
21 **OR RETURN IN A MANNER PRESCRIBED BY THE**
22 **COMMISSIONER.** Except in cases where the Commissioner
23 otherwise permits, the return shall be filed and the tax paid,
24 **EITHER PERSONALLY OR ELECTRONICALLY**, to any
25 [~~authorized agent bank~~] **AAB**, [~~the~~] Revenue District Officer,
26 **OR** Revenue Collection Officer [~~or duly authorized Treasurer~~
27 ~~of the city or municipality where the donor was domiciled~~
28 ~~at the time of the transfer, or if there be no legal~~
29 ~~residence in the Philippines, with the Office of the~~
30 **Commissioner**]. In the case of gifts made by a nonresident, the
31 return may be filed, **EITHER PERSONALLY OR**
32 **ELECTRONICALLY**, with the Philippine Embassy or Consulate in

1 gross ~~[receipts]~~ **SALES** derived from the sale or exchange of services,
2 including the use or lease of properties.”

3 x x x

4 **FOR PURPOSES OF VAT, [The] THE** term ‘gross ~~[receipts]~~ **SALES’**
5 means the total amount of money or its equivalent ~~[representing the~~
6 ~~contract price, compensation, service fee, rental or royalty,~~
7 ~~including the amount charged for materials supplied with the~~
8 ~~services and deposits and advanced payments actually or~~
9 ~~constructively received during the taxable quarter for the~~
10 ~~services performed or to be performed for another person,]~~
11 **WHICH THE PURCHASER PAYS OR IS OBLIGATED TO PAY TO**
12 **THE SELLER IN CONSIDERATION OF THE SALE, BARTER, OR**
13 **EXCHANGE OF SERVICES AND THE USE OR LEASE OF**
14 **PROPERTIES**, excluding value-added tax. **THE LIABILITY TO PAY**
15 **VAT SHALL BE AT THE TIME OF THE ISSUANCE OF THE INVOICE.**

16
17 (B) *Transactions Subject to Zero Percent (0%) Rate.* – x x x

18 (C) **SALES RETURNS, ALLOWANCES AND SALES**
19 **DISCOUNTS.** – **THE VALUE OF SERVICES SOLD AND**
20 **SUBSEQUENTLY REFUNDED OR FOR WHICH ALLOWANCES**
21 **WERE GRANTED BY A VAT-REGISTERED PERSON MAY BE**
22 **DEDUCTED FROM THE GROSS SALES FOR THE QUARTER IN**
23 **WHICH A REFUND IS MADE OR A CREDIT MEMORANDUM IS**
24 **ISSUED. ANY SALES DISCOUNT GRANTED AND INDICATED IN**
25 **THE INVOICE AT THE TIME OF SALE AND THE GRANT OF WHICH**
26 **DOES NOT DEPEND UPON A FUTURE EVENT MAY BE EXCLUDED**
27 **FROM THE GROSS SALES OF THE QUARTER IT WAS GIVEN.**

28
29 **SEC. 15.** Section 109 of the National Internal Revenue Code of 1997, as
30 amended, is hereby further amended to read as follows:

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

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

3 x x x

4 (CC) Sale or lease of goods or properties or the
5 performance of services other than the transactions mentioned in
6 the preceding paragraphs, the gross annual sales ~~[and/or~~
7 **receipts]** do not exceed the amount of Three million pesos
8 (P3,000,000)[.]; **PROVIDED, THAT THE AMOUNT HEREIN**
9 **STATED SHALL BE ADJUSTED TO ITS PRESENT VALUE**
10 **NOT LATER THAN JANUARY 1, 2023, AND EVERY THREE**
11 **(3) YEARS THEREAFTER, BASED ON THE CONSUMER**
12 **PRICE INDEX (CPI) THAT IS PUBLISHED BY THE**
13 **PHILIPPINE STATISTICS AUTHORITY (PSA).**

14
15 **SEC. 16.** Section 110 of the National Internal Revenue Code of 1997, as
16 amended, is hereby further amended to read as follows:

17 "SEC. 110. *Tax Credits.* –

18 (A) *Creditable Input Tax.* –

19 (1) Any input tax evidenced by a VAT invoice ~~[or official~~
20 **receipt]** issued in accordance with Section 113 hereof on the
21 following transactions shall be creditable against the output tax:

22 (a) Purchase or importation of goods:

23 (i) For sale; or

24 (ii) For conversion into or intended to form part
25 of a finished product for sale including
26 packaging materials; or

27 (iii) For use as supplies in the course of
28 business; or

1 (iv) For use as materials supplied in the sale of
2 service; or

3 (v) For use in trade or business for which
4 deduction for depreciation or amortization is
5 allowed under this Code.

6 (b) Purchase of services on which a value-added
7 tax has been actually **[paid] BILLED BY THE**
8 **SUPPLIER.**

9
10 **SEC. 17.** Section 112 of the National Internal Revenue Code of 1997,
11 as amended, is hereby further amended to read as follows:

12 "SEC. 112. *Refunds or Tax Credits of Input Tax.* —

13 x x x

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

23
24 **SEC. 18.** Section 113 of the National Internal Revenue Code of 1997,
25 as amended, is hereby amended to read as follows:

1 "SEC. 113. *Invoicing and Accounting Requirements for*
2 *VAT-Registered Persons.* —

3 (A) *Invoicing Requirement*~~[s]~~. — A VAT-registered person
4 shall issue [‡

5 ~~(1) A]~~ **A** VAT invoice for every sale, barter, or exchange
6 **OR LEASE** of goods or properties ~~[‡ and~~

7 ~~(2) A VAT official receipt for every lease of goods or~~
8 ~~properties,]~~ and for every sale, barter or exchange of services."

9 (B) *Information Contained in the VAT Invoice* [or VAT
10 *Official Receipt*]. — The following information shall be indicated
11 in the VAT invoice ~~[or VAT official receipt]~~:

12 (1) A statement that the seller is a VAT-registered person,
13 followed by ~~[his]~~ **THE SELLER'S** Taxpayer's Identification
14 Number (TIN);

15 (2) The total amount which the purchaser pays or is
16 obligated to pay to the seller with the indication that such amount
17 includes the value-added tax: Provided, That:

18 (a) The amount of the tax shall be shown as a separate
19 item in the invoice ~~[or receipt]~~;

20 (b) If the sale is exempt from value-added tax, the term
21 'VAT-exempt sale' shall be written or printed prominently on the
22 invoice ~~[or receipt]~~;

1 (c) If the sale is subject to zero percent (0%) value-added
2 tax, the term 'zero-rated sale' shall be written or printed
3 prominently on the invoice ~~[or receipt]~~;

4 (d) If the sale involves goods, properties or services some
5 of which are subject to and some of which are VAT zero-rated or
6 VAT-exempt, the invoice ~~[or receipt]~~ shall clearly indicate the
7 break-down of the sale price between its taxable, exempt and
8 zero-rated components, and the calculation of the value-added
9 tax on each portion of the sale shall be shown on the invoice ~~[or~~
10 ~~receipt]~~: *Provided, That* the seller may issue separate invoices
11 ~~[or receipts]~~ for the taxable, exempt, and zero-rated
12 components of the sale.

13 (3) x x x

14 (4) x x x

15 (C) x x x

16 (D) *Consequence of Issuing **AN** Erroneous VAT Invoice*
17 ~~[or VAT Official Receipt]~~. —

18 (1) If a person who is not a VAT-registered person issues
19 an invoice ~~[or receipt]~~ showing ~~[his]~~ **THE PERSON'S**
20 Taxpayer Identification Number (TIN), followed by the word
21 'VAT':

22 (a) The issuer shall, in addition to any liability to other
23 percentage taxes, be liable to:

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

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

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

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

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

17 "SEC. 114. *Return and Payment of Value-Added Tax.* –

18 (A) *In General.* — Every person liable to pay the value-
19 added tax imposed under this Title shall file, **EITHER**
20 **PERSONALLY OR ELECTRONICALLY**, a quarterly return of
21 the amount of his gross sales [~~or receipts~~] within twenty-five
22 (25) days following the close of each taxable quarter prescribed
23 for each taxpayer: *Provided, however,* That VAT-registered
24 persons shall pay, **EITHER PERSONALLY OR**

1 **ELECTRONICALLY**, the value-added tax on a monthly basis:
2 *Provided, finally,* That beginning January 1, 2023, the filing and
3 payment required under this Subsection shall be done within
4 twenty-five (25) days following the close of each taxable quarter.

5 x x x

6 **(B) *Where to File the Return and Pay the Tax.* –**

7 Except as the Commissioner otherwise permits, the return shall
8 be filed with and the tax paid, **EITHER PERSONALLY OR**
9 **ELECTRONICALLY**, to any ~~[authorized agent bank]~~ **AAB,**
10 **OR** Revenue Collection Officer ~~[or duly authorized city or~~
11 **municipal Treasurer in the Philippines located within the**
12 ~~revenue district where the taxpayer is registered or~~
13 ~~required to register].”~~

14
15 **SEC. 20.** Section 115 of the National Internal Revenue Code of 1997,
16 as amended, is hereby amended to read as follows:

17 “SEC. 115. *Power of the Commissioner to Suspend the*
18 *Business Operations of a Taxpayer.* — The Commissioner or his
19 authorized representative is hereby empowered to suspend the
20 business operations and temporarily close the business
21 establishment of any person for any of the following violations:

22 (a) *In the case of a VAT-registered Person.* —

23 (1) Failure to issue ~~[receipts or]~~ invoices;

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

3 (3) Understatement of taxable sales [~~or receipts~~] by
4 thirty percent (30%) or more of his correct taxable sales [~~or~~
5 **receipts**] for the taxable quarter.

6

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

9 “SEC. 116. *Tax on Persons Exempt from Value-Added Tax*
10 *(VAT).* —Any person whose sales [~~or receipts~~] are exempt under
11 Section 109 (BB) of this Code from the payment of value-added
12 tax and who is not a VAT-registered person shall pay **EITHER**
13 **PERSONALLY OR ELECTRONICALLY**, a tax equivalent to
14 three percent (3%) of his gross quarterly sales [~~or receipts~~];
15 *Provided, That* cooperatives, shall be exempt from the three
16 percent (3%) gross receipts tax herein imposed.”

17

18 **SEC. 22.** Section 117 of the National Internal Revenue Code of 1997,
19 as amended, is hereby further amended to read as follows:

20 SEC. 117. *Percentage Tax on Domestic Carriers and Keepers of*
21 *Garages.* — Cars for rent or hire driven by the lessee; transportation
22 contractors, including persons who transport passengers for hire, and
23 other domestic carriers by land for the transport of passengers (except
24 owners of bancas and owners of animal-drawn two wheeled vehicle),
25 and keepers of garages shall pay a tax equivalent to three percent (3%)
26 of their quarterly gross **[receipts] SALES**. The gross **[receipts]**

1 **SALES** of common carriers derived from their incoming and outgoing
2 freight shall not be subjected to the local taxes imposed under Republic
3 Act No. 7160, otherwise known as the Local Government Code of 1991.

4 ~~[In computing the percentage tax provided in this~~
5 ~~Section, the following shall be considered the minimum~~
6 ~~quarterly gross receipts in each particular case:~~

7

Jeepney for hire		
1	Manila and other cities	P2,400
2	Provincial	1,200

8

Public utility bus		
1	Not exceeding 30 passengers	P3,600
2	Exceeding 30 but not exceeding 50 passengers	6,000
3	Exceeding 50 passengers	7,200

9

Taxis		
1	Manila and other cities	P3,600
2	Provincial	2,400

10

Car for hire (with chauffeur)	P3,000
Car for hire (without chauffeur)	1,800]

11

12 **SEC. 23.** Section 118 of the National Internal Revenue Code of 1997, as
13 amended, is hereby further amended to read as follows:

14 SEC. 118. *Percentage Tax on International Carriers.* —

15 (A) International air carriers doing business in the Philippines on
16 their gross **[receipts] SALES** derived from transport of cargo from the
17 Philippines to another country shall pay a tax of three percent (3%) of
18 their quarterly gross receipts.

1 (B) International shipping carriers doing business in the
2 Philippines on their gross **[receipts] SALES** derived from transport of
3 cargo from the Philippines to another country shall pay a tax equivalent
4 to three percent (3%) of their quarterly gross **[receipts] SALES**.

5
6 **SEC. 24.** Section 119 of the National Internal Revenue Code of 1997, as
7 amended, is hereby further amended to read as follows:

8 SEC. 119. *Tax on Franchises.* — Any provision of general or
9 special law to the contrary notwithstanding, there shall be levied,
10 assessed and collected in respect to all franchises on radio and/or
11 television broadcasting companies whose annual gross **[receipts]**
12 **SALES** of the preceding year do not exceed Ten million pesos
13 (P10,000,000), subject to Section 236 of this Code, a tax of three percent
14 (3%) and on gas and water utilities, a tax of two percent (2%) on the
15 gross **[receipts] SALES** derived from the business covered by the law
16 granting the franchise: *Provided, however,* That radio and television
17 broadcasting companies referred to in this Section shall have an option
18 to be registered as a value-added taxpayer and pay the tax due thereon:
19 *Provided, further,* That once the option is exercised, said option shall be
20 irrevocable.

21 x x x

22
23 **SEC. 25.** Section 120 of the National Internal Revenue Code of 1997,
24 as amended, is hereby further amended to read as follows:

25 SEC. 120. *Tax on Overseas Dispatch, Message or Conversation*
26 *Originating from the Philippines.* —

27 (A) *Persons Liable.* — There shall be collected upon every
28 overseas dispatch, message or conversation transmitted from the
29 Philippines by telephone, telegraph, telewriter exchange, wireless
30 and other communication equipment services, a tax of ten
31 percent (10%) on the amount **[paid] PAYABLE** for such
32 services. The tax imposed in this Section shall be payable by the

1 person paying for the services rendered and shall be paid to the
2 person rendering the services who is required to collect and pay
3 the tax within twenty (20) days after the end of each quarter.

4 x x x

5
6 **SEC. 26.** Section 128 of the National Internal Revenue Code of 1997, as
7 amended, is hereby amended to read as follows:

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

9 (A) *Returns of Gross Sales, Receipts or Earnings and*
10 *Payment of Tax.* –

11 (1) *Persons Liable to Pay Percentage Taxes.* - Every person
12 subject to the percentage taxes imposed under this Title shall file,
13 **EITHER PERSONALLY OR ELECTRONICALLY**, a quarterly
14 return of the amount of [**his**] **THE PERSON'S** gross sales,
15 receipts or earnings and pay, **EITHER PERSONALLY OR**
16 **ELECTRONICALLY**, the tax due thereon within twenty-five (25)
17 days after the end of each taxable quarter: *Provided*, That in the
18 case of a person whose VAT registration is cancelled and who
19 becomes liable to the tax imposed in Section 116 of this Code,
20 the tax shall accrue from the date of cancellation and shall be
21 paid in accordance with the provisions of this Section.

22 (2) *Person Retiring from Business.* - Any person retiring
23 from a business subject to percentage tax shall notify the nearest
24 internal revenue officer, file, **EITHER PERSONALLY OR**
25 **ELECTRONICALLY**, [**his**] **THE PERSON'S** return and pay,

1 **EITHER PERSONALLY OR ELECTRONICALLY**, the tax due
2 thereon within twenty (20) days after closing [~~his~~] **THE** business.

3 x x x

4 (B) *Where to File.* – Except as the Commissioner
5 otherwise permits, every person liable to the
6 percentage tax under this Title [~~may, at his option,~~]
7 **SHALL** file **EITHER PERSONALLY OR**
8 **ELECTRONICALLY**, a [~~separate return for each~~
9 ~~branch or place of business, or~~] consolidated
10 return for all branches or places of business with [~~the~~]
11 **ANY** [~~authorized agent bank~~] **AAB**, Revenue
12 District Officer, **OR** Collection Agent [~~or duly~~
13 ~~authorized Treasurer of the city or municipality~~
14 ~~where said business or principal place of~~
15 ~~business is located, as the case may be].”~~

16
17 **SEC. 27.** Section 200 of the National Internal Revenue Code of 1997, as
18 amended, is hereby amended to read as follows:

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

20 (A) *In General.* – The provisions of Presidential Decree No.
21 1045 notwithstanding, any person liable to pay documentary
22 stamp tax upon any document subject to tax under Title VII of
23 this Code shall file, **EITHER PERSONALLY OR**
24 **ELECTRONICALLY**, a tax return and pay, **EITHER**

1 **PERSONALLY OR ELECTRONICALLY**, the tax in accordance
2 with the rules and regulations to be prescribed by the Secretary
3 of Finance, upon recommendation of the Commissioner.

4 (B) *Time for Filing and Payment of the Tax.* – Except as
5 provided by rules and regulations promulgated by the Secretary
6 of Finance, upon recommendation of the Commissioner, the tax
7 return prescribed in this Section shall be filed, **EITHER**
8 **PERSONALLY OR ELECTRONICALLY**, within ten (10) days
9 after the close of the month when the taxable document was
10 made, signed, issued, accepted, or transferred, and the tax
11 thereon shall be paid, **EITHER PERSONALLY OR**
12 **ELECTRONICALLY**, at the same time the aforesaid return is
13 filed.

14 (C) *Where to File.* – Except in cases where the
15 Commissioner otherwise permits, the aforesaid tax return shall
16 be filed **EITHER PERSONALLY OR ELECTRONICALLY**, with
17 and the tax due shall be paid **EITHER PERSONALLY OR**
18 **ELECTRONICALLY**, through ~~[the]~~ **ANY** authorized agent bank
19 ~~[within the territorial jurisdiction of the Revenue District~~
20 ~~Office which has jurisdiction over the residence or~~
21 ~~principal place of business of the taxpayer]~~. In places
22 where there is no ~~[authorized agent bank]~~ **AAB**, the return
23 shall be filed with ~~[the]~~ **A** Revenue District Officer ~~[,]~~ **OR**
24 collection agent ~~[, or duly authorized Treasurer of the city~~

1 ~~or municipality in which the taxpayer has his legal~~
2 ~~residence or principal place of business].~~

3
4 **SEC. 28.** Section 236 of the National Internal Revenue Code of 1997, as
5 amended, is hereby further amended to read as follows:

6 "SEC. 236. *Registration Requirements.* –

7 (A) *Requirements.* – Every person subject to any internal
8 revenue tax shall register once with the appropriate Revenue District

9 Officer **OR THROUGH ELECTRONIC MEANS:**

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

11 (2) On or before the commencement of business, or

12 (3) Before payment of any tax due, or

13 (4) Upon filing of a return, statement or declaration as
14 required in this Code.

15 The registration shall contain the taxpayer's name,
16 **[style,]** place of residence, business, and such other information

17 as may be required by the Commissioner in the form prescribed
18 therefor: *Provided, THAT THE COMMISSIONER SHALL*

19 **ENSURE THE AVAILABILITY OF REGISTRATION**
20 **FACILITIES TO TAXPAYERS WHO ARE NOT RESIDING IN**

21 **THE COUNTRY: PROVIDED, FURTHER,** That the
22 Commissioner shall simplify the business registration and tax
23 compliance requirements of self-employed individuals and/or
24 professionals.

2 ~~[(B) Annual Registration Fee. — An annual~~
3 ~~registration fee in the amount of Five hundred pesos~~
4 ~~(PhP500) for every separate or distinct establishment or~~
5 ~~place of business, including facility types where sales~~
6 ~~transactions occur, shall be paid upon registration and~~
7 ~~every year thereafter on or before the last day of January:~~
8 ~~Provided, however, That cooperatives, individuals~~
9 ~~earning purely compensation income, whether locally or~~
10 ~~abroad, and overseas workers are not liable to the~~
11 ~~registration fee herein imposed.~~

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

17 ~~[(C)]~~ (B) *Registration of Each Type of Internal Revenue*
18 *Tax.* — Every person who is required to register with the Bureau
19 of Internal Revenue under Subsection (A) hereof, shall register
20 each type of internal revenue tax for which he is obligated, shall
21 file, **EITHER PERSONALLY OR ELECTRONICALLY**, a return
22 and shall pay, **EITHER PERSONALLY OR**
23 **ELECTRONICALLY**, such taxes, and shall updates such

1 registration of any changes in accordance with Subsection (E)
2 hereof.

3 ~~[(D)]~~ **(C) Transfer of Registration.** – In case a
4 registered person decides to transfer **[his] THE** place of
5 business or **[his]** head office or branches, it shall be **[his] THE**
6 **PERSON'S** duty to update **[his] THE** registration status by
7 filing, **EITHER PERSONALLY OR ELECTRONICALLY**, an
8 application for registration information update in the form
9 prescribed therefor.

10 ~~[(E)]~~ **(D) Other Updates.** – x x x

11 ~~[(F)]~~ **(E) Cancellation of Registration.** – x x x

12 (1) *General Rule.* – The registration of any person
13 who ceases to be liable to a tax type shall be cancelled
14 upon **MERE** filing with the Revenue District Office where
15 he is registered **OR THROUGH ELECTRONIC MEANS**,
16 an application for registration information update in a form
17 prescribed therefor[;]. **HOWEVER, THIS SHALL NOT**
18 **PRECLUDE THE REVENUE DISTRICT OFFICER**
19 **FROM CONDUCTING AN AUDIT IN ORDER TO**
20 **DETERMINE ANY TAX LIABILITY.**

21 (2) *Cancellation of Value-Added Tax Registration.* –

22 A VAT- registered person may cancel **[his] THE**
23 registration for VAT if:

1 (a) **[He] THE PERSON** makes **A** written **OR AN**
2 **ELECTRONIC** application and can demonstrate to the
3 Commissioner's satisfaction that **[his] THE** gross sales or
4 receipts for the following twelve (12) months, other than
5 those that are exempt under Section 109 (A) to (**[U]CC**),
6 will not exceed ~~**[One million five hundred thousand**~~
7 ~~**pesos (P1,500,000)]**~~ **THREE MILLION PESOS**
8 **(P3,000,000)** or

9 (b) **[He] THE PERSON** has ceased to carry on
10 **[his] THE** trade or business, and does not expect to
11 recommence any trade or business within the next (12)
12 months.

13 The cancellation of registration will be effective
14 from the first day of the following month.

15 ~~**[(G)]**~~ **(F)** *Persons Required to Register for Value-Added*
16 *Tax. —*

17 (1) Any person who, in the course of trade or
18 business, sells, barter or exchanges goods or properties,
19 or engages in the sale or exchange of services, shall be
20 liable to register, **EITHER PERSONALLY OR**
21 **ELECTRONICALLY**, for value-added tax if:

22 (a) **[His] THE PERSON'S** gross sales or receipts
23 for the past twelve (12) months, other than those that are
24 exempt under Section 109(A) to (BB), have exceeded **THE**

1 **THRESHOLD AS PROVIDED IN SECTION 109**
2 **(CC)[Three million pesos (P3,000,000)];**

3 (b) There are reasonable grounds to believe that
4 **[his] THE** gross sales or receipts for the next twelve (12)
5 months, other than those that are exempt under Section
6 109(A) to (BB), will exceed **THE THRESHOLD AS**
7 **PROVIDED IN SECTION 109 (CC)[Three million**
8 **pesos (P3,000,000)].**

9 (2) Every person who becomes liable to be
10 registered under paragraph (1) of this Subsection shall
11 register, **EITHER PERSONALLY OR**
12 **ELECTRONICALLY,** with the Revenue District Office
13 which has jurisdiction over the head office or branch of
14 that person, and shall pay, **EITHER PERSONALLY OR**
15 **ELECTRONICALLY,** the annual registration fee
16 prescribed in Subsection (B) hereof. If he fails to register,
17 he shall be liable to pay the tax under Title IV as if he were
18 a VAT-registered person, but without the benefit of input
19 tax credits for the period in which he was not properly
20 registered.

21 **[{H}] (G) *Optional Registration for Value-Added Tax of***
22 ***Exempt Person. –***

23 (1) Any person who is not required to register for
24 value-added tax under Subsection **[{G}] (F)** hereof may

1 elect to register, **EITHER PERSONALLY OR**
2 **ELECTRONICALLY**, for value-added tax [**by**
3 **registering**] with the Revenue District Office that has a
4 jurisdiction over the head office of that person. [~~and~~
5 ~~paying the annual registration fee in Subsection (B)~~
6 ~~hereof.~~]

7 (2) Any person who elects to register under this
8 Subsection shall not be entitled to cancel his registration
9 under Subsection [~~(F)~~ **(E)**](2) for the next three (3) years.

10 x x x

11 [~~(I)~~ **(H)**] *Supplying of Taxpayer Identification Number*
12 *(TIN).* –

13 Any person required under the authority of this Code
14 to make, render or file a return, statement or other
15 document shall be supplied with or assigned a Taxpayer
16 Identification Number (TIN) which [~~he~~] **THE PERSON**
17 shall indicate in such return, statement or document filed,
18 **EITHER PERSONALLY OR ELECTRONICALLY**, with
19 the Bureau of Internal Revenue for [~~his~~] proper
20 identification for tax purposes, and which [~~he~~] **THE**
21 **PERSON** shall indicate in certain documents, such as, but
22 not limited to the following:

23 x x x

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In cases where a registered taxpayer dies, the administrator or executor shall register, **EITHER PERSONALLY OR ELECTRONICALLY**, the estate of the decedent in accordance with Subsection (A) hereof and a new Taxpayer Identification Number (TIN) shall be supplied in accordance with the provisions of this Section.

In the case of a nonresident decedent, the executor or administrator of the estate shall register, **EITHER PERSONALLY OR ELECTRONICALLY**, the estate with the Revenue District Office where [~~he~~] **THE EXECUTOR OR ADMINISTRATOR** is registered: *Provided, however,* That in case such executor or administrator is not registered, registration of the estate shall be made with the Taxpayer Identification Number (TIN) supplied by the Revenue District Office having jurisdiction over his legal residence.

x x x"

SEC. 29. Section 237 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.*

—

(A) *Issuance.* — All persons subject to an internal revenue tax shall, at the point of each sale and transfer of merchandise or

1 for services rendered valued at One hundred pesos (PhP100.00)
2 or more, issue duly registered receipts or sale or commercial
3 invoices, showing the date of transaction, quantity, unit cost and
4 description of merchandise or nature of service: *Provided,*
5 *however,* That where the receipt is issued to cover payment made
6 as rentals, commissions, compensation or fees, receipts or
7 invoices shall be issued which shall show the name, [**business**
8 **style, if any,**] and address of the purchaser, customer or client:
9 *Provided, further,* That where the purchaser is a VAT-registered
10 person, in addition to the information herein required, the invoice
11 or receipt shall further show the Taxpayer Identification Number
12 (TIN) of the purchaser.

13 x x x"

14
15 **SEC. 30.** Section 245 of the National Internal Revenue Code of 1997, as
16 amended, is hereby amended to read as follows:

17 "SEC. 245. *Specific Provisions to be Contained in Rules and*
18 *Regulations.* — The rules and regulations of the Bureau of
19 Internal Revenue shall, among other things, contain provisions
20 specifying, prescribing or defining:

21 x x x

22 "(j) The manner in which internal revenue taxes, such as
23 income tax, including withholding tax, estate and donor's taxes,
24 value-added tax, other percentage taxes, excise taxes and

1 documentary stamp taxes shall be paid, **EITHER PERSONALLY**
2 **OR ELECTRONICALLY**, through the collection officers of the
3 Bureau of Internal Revenue or through duly authorized agent
4 banks which are hereby deputized to receive payments of such
5 taxes and the returns, papers and statements that may be filed
6 by the taxpayers in connection with the payment of the tax:
7 *Provided, however,* That notwithstanding the other provisions of
8 this Code prescribing the place of filing of returns and payment
9 of taxes, the Commissioner may, by rules and regulations, require
10 that the tax returns, papers and statements and taxes of large
11 taxpayers be filed and paid, respectively, through collection
12 officers or through duly authorized agent banks: *Provided,*
13 *further,* That the Commissioner can exercise this power within six
14 (6) years from the approval of Republic Act No. 7646 or the
15 completion of its comprehensive computerization program,
16 whichever comes earlier: *Provided, finally,* That separate venues
17 for the Luzon, Visayas and Mindanao areas may be designated
18 for the filing of tax returns and payment of taxes by said large
19 taxpayers.

20 xxx

21

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

24 "SEC. 248. *Civil Penalties.* –

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

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

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

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

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

18 x x x

19
20 **SEC. 32. *Implementing Rules and Regulations.*** – Within ninety (90)
21 calendar days from the effectivity of this act, the Secretary of Finance, after
22 due consultation with the Bureau of Internal Revenue, Bureau of Customs, and
23 the private sector, shall promulgate the necessary rules and regulations for its
24 effective implementation.

1

2 **SEC. 33. *Separability Clause.*** – If any provision of this Act is declared
3 unconstitutional, the remaining parts or provision not affected thereby shall
4 remain in full force and effect.

5

6 **SEC. 34. *Repealing Clause.*** – All laws, decrees, executive orders,
7 implementing rules and regulations, issuances, or any part thereof inconsistent
8 with the provisions of this Act are deemed repealed, amended or modified
9 accordingly.

10

11 **SEC. 35. *Effectivity.*** – This Act shall take effect fifteen (15) days after
12 its publication in the *Official Gazette* or in a newspaper of general circulation.

13

14 *Approved,*