


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



23 MAY -4 P1:11

SENATE

RECEIVED BY: 

S.B. No. 2128

Introduced by SENATOR JOEL VILLANUEVA

AN ACT
INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING
SECTIONS 21, 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 AND CREATING A NEW SECTION 112-A UNDER THE
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

During his first State of the Nation Address (SONA) in July 2022, President Ferdinand R. Marcos Jr. said the government is eyeing to put in place tax administration reforms to increase revenue collection as the economy is expected to grow by 6.5% to 7.5%. Tax compliance procedures will also be streamlined to promote ease of paying taxes.¹ President Marcos also emphasized his administration's commitment to fast-track measures to digitalize government services to ensure efficiency, accessibility, and responsiveness to the public.²

In recent years, major tax reform laws were enacted to accelerate poverty reduction, address inequality, and invite a more sustainable stream of revenues. Putting in place the corresponding tax administration reforms will maximize the benefits of these key legislations. As explained by the International Monetary Fund (IMF), "the 'best' tax administration is not simply one that collects the most revenue; *How* that revenue is raised may be equally important"³ and "improved tax administration is a prerequisite for the success of tax reform."⁴ Furthermore, studies

¹ Philippine News Agency. *PBBM eyes tax admin reforms to boost revenue collection*. 25 July 2022. Available at <https://www.pna.gov.ph/articles/1179715>. Accessed on 20 April 2023.

² Philstar. *Marcos to ramp up digitalization of government*. 03 January 2023. Available at <https://www.philstar.com/headlines/2023/01/03/2234896/marcos-ramp-digitalization-government>. Accessed on 20 April 2023.

³ International Monetary Fund (IMF). *The Reform of Tax Administration*. 1992. Available at <https://www.elibrary.imf.org/display/book/9781557753175/ch001.xml?tabs=fulltext>. Accessed on 20 April 2023.

⁴ IMF. *Tax Reform in Developing Countries*. 1991. Available at <https://www.elibrary.imf.org/downloadpdf/journals/022/0028/002/article-A015-en.pdf>. Accessed on 20 April 2023.

on taxpayer behavior show services that facilitate reporting, filing, and paying taxes, among others, may prove to be a more cost-effective way to achieve compliance, rather than measures designed to counter non-compliance.⁵

This measure aims to institute administrative tax reforms to improve bureaucratic efficiency and effectiveness by simplifying the process for the filing of returns and payment of taxes, thereby providing taxpayers with convenient and responsive tax services. It seeks to modernize our tax administration system by removing obstacles that prevent taxpayers from complying with tax laws and introducing procedures that serve the needs of different types of taxpayers, including a new provision on value-added tax (VAT) refund for tourists. These reforms are in line with this administration's 8-point socioeconomic agenda in the near and medium term (*i.e.*, improving bureaucratic efficiency), and ultimately improve the revenue performance of the country.

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




JOEL VILLANUEVA 

⁵ Bird, R. *Administrative Dimensions of Tax Reform*. *Annals of Economics and Finance* (2014), p. 303. Available at <http://aeconf.com/Articles/Nov2014/aef150202.pdf>. Accessed on 20 April 2023.

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AN ACT

INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING SECTIONS 21, 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 AND CREATING A NEW SECTION 112-A UNDER 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. Short Title.** – This Act shall be known as the “Ease of Paying Taxes
2 Act.”
3

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

6 a) To provide a healthy environment for the tax paying public that protects and
7 safeguards taxpayer rights and welfare, as well as assures the fair treatment of
8 all taxpayers;
9

10 b) To modernize tax administration and improve its efficiency and effectiveness by
11 providing mechanisms that encourage proper and easy compliance at the least
12 cost and resources possible;
13

14 c) To update the taxation system, adopt best practices, and replace antiquated
15 procedures such as requiring the filing of a return or declaration for the payment
16 of taxes or the “pay as you file” system and restriction of venue for filing and
17 payment; and
18

19 d) To enact policies and procedures which are appropriate to different types of
20 taxpayers.
21

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

3 “SEC. 21. *Sources of Revenue* **AND CLASSIFICATION OF TAXPAYERS.** –

4 **(A) SOURCES OF REVENUE.** – The following taxes, fees and charges are
5 deemed to be national internal revenue taxes:

- 6 ~~[(a)]~~ **(1)** Income tax;
7 ~~[(b)]~~ **(2)** Estate and donor's taxes;
8 ~~[(c)]~~ **(3)** Value-added tax;
9 ~~[(d)]~~ **(4)** Other percentage taxes;
10 ~~[(e)]~~ **(5)** Excise taxes;
11 ~~[(f)]~~ **(6)** Documentary stamp taxes; and
12 ~~[(g)]~~ **(7)** Such other taxes as are or hereafter may be imposed and collected by
13 the Bureau of Internal Revenue.
14

15 **(B) CLASSIFICATION OF TAXPAYERS.** – FOR PURPOSES OF
16 RESPONSIVE TAX ADMINISTRATION, THE SECRETARY OF FINANCE,
17 UPON RECOMMENDATION OF THE COMMISSIONER, SHALL ESTABLISH
18 REASONABLE CRITERIA FOR CLASSIFYING TAXPAYERS, TAKING INTO
19 CONSIDERATION THEIR CAPACITY TO COMPLY WITH TAX RULES AND
20 REGULATIONS, THE AMOUNT AND TYPE OF TAX PAID, THE GROSS
21 SALES AND/OR RECEIPTS OF THE TAXPAYER, AS WELL AS INFLATION,
22 VOLUME OF BUSINESS, WAGE AND EMPLOYMENT LEVELS, AND
23 SIMILAR ECONOMIC AND FINANCIAL FACTORS: *PROVIDED*, THAT THE
24 SECRETARY OF FINANCE SHALL DETERMINE CLASSIFICATIONS FOR
25 MEDIUM AND LARGE TAXPAYERS AND INTRODUCE ADDITIONAL
26 CLASSIFICATIONS AS MAY BE DEEMED NECESSARY AND REASONABLE
27 TO ACHIEVE BETTER TAX ADMINISTRATION AND SERVICE EFFICIENCY:
28 *PROVIDED, FURTHER*, THAT THE BUREAU OF INTERNAL REVENUE MAY
29 PROVIDE FOR A SPECIAL UNIT TO CATER TO THE NEEDS OF EVERY
30 CLASS OF TAXPAYER: *PROVIDED, FINALLY*, THAT FOR EASE OF
31 COMPLIANCE TO TAX RULES AND REGULATIONS, SIMPLIFIED TAX
32 RETURNS AND PROCESSES SHALL BE IMPLEMENTED FOR TAXPAYERS
33 NOT CLASSIFIED AS MEDIUM OR LARGE.”
34

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

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

38 x x x
39

40 **(KK) THE TERM ‘FILING OF RETURN’ SHALL REFER TO THE ACT OF**
41 **ACCOMPLISHING AND SUBMITTING THE PRESCRIBED TAX RETURN, IN**
42 **PAPER FORM OR ELECTRONIC FORM, TO THE BUREAU OF INTERNAL**
43 **REVENUE AS REQUIRED UNDER THIS CODE OR AS PRECRIBED UNDER**
44 **EXISTING RULES AND REGULATIONS.**
45
46
47

1 (LL) THE TERM 'PAYMENT OF TAX' OR 'REMITTANCE OF TAX' SHALL
2 REFER TO THE ACT OF DELIVERING THE AMOUNT OF TAX DUE OR
3 WITHHELD, EITHER PERSONALLY OR ELECTRONICALLY, TO THE
4 BUREAU OF INTERNAL REVENUE AS REQUIRED UNDER THIS CODE OR
5 AS PRESCRIBED UNDER EXISTING RULES AND REGULATIONS."
6

7 **SEC. 5.** Section 51 of the National Internal Revenue Code of 1997, as amended,
8 is hereby further amended to read as follows:
9

10 "SEC. 51. *Individual Returns.* –

11
12 x x x

13
14 (B) *Where to File.* – Except in cases where the Commissioner otherwise permits,
15 the return shall be filed, **EITHER PERSONALLY OR ELECTRONICALLY**, with
16 anY authorized agent bank, Revenue District Officer, **OR** Collection Agent [or
17 duly authorized Treasurer of the city or municipality in which such person has his
18 legal residence or principal place of business in the Philippines, or if there be no
19 legal residence or place of business in the Philippines, with the Office of the
20 Commissioner].
21

22 x x x

23
24 (D) *Husband and Wife.* – Married individuals, whether citizens, resident or
25 nonresident aliens, who do not derive income purely from compensation, shall
26 file, **EITHER PERSONALLY OR ELECTRONICALLY**, a return for the taxable
27 year to include the income of both spouses, but where it is impracticable for the
28 spouses to file one return, each spouse may file a separate return of income but
29 the returns so filed shall be consolidated by the Bureau for purposes of
30 verification for the taxable year.
31

32 x x x"

33
34 **SEC. 6.** Section 56 of the National Internal Revenue Code of 1997, as amended,
35 is hereby further amended to read as follows:
36

37 "SEC. 56. *Payment and Assessment of Income Tax for Individuals and*
38 *Corporations.* –

39
40 (A) *Payment of Tax.* –

41
42 (1) *In General.* – The total amount of tax imposed by this Title shall be paid,
43 **EITHER PERSONALLY OR ELECTRONICALLY**, by the person subject
44 thereto [at the time] **DURING** the **FILING OF THE** return [is filed]. In the case
45 of tramp vessels, the shipping agents and/or the husbanding agents, and in
46 their absence, the captains thereof are required to file the return herein
47 provided and pay the tax due thereon before their departure. Upon failure of
48 the said agents or captains to file the return and pay the tax, the Bureau of
49 Customs is hereby authorized to hold the vessel and prevent its departure
50 until proof of payment of the tax is presented or a sufficient bond is filed to

1 answer for the tax due.

2 x x x”

3 **SEC. 7.** Section 57 of the National Internal Revenue Code of 1997, as amended,
4 is hereby further amended to read as follows:

5
6 “SEC. 57. *Withholding of Tax at Source.* –

7
8 x x x

9
10 **(C) TIMING OF WITHHOLDING TAXES. – THE OBLIGATION TO DEDUCT**
11 **AND WITHHOLD THE TAX ARISES AT THE TIME PAYMENT IS MADE.**

12 ~~[(G)]~~ **(D) Tax-free Covenant Bonds.** – x x x

13 The Department of Finance shall review, at least once every three (3) years,
14 regulations and processes for the withholding of creditable tax under this Code,
15 and direct the Bureau of Internal Revenue to amend rules and regulations for the
16 same, should it be found during the review that the existing rules, regulations,
17 and processes for the withholding of creditable tax under this Code adversely
18 and materially impact the taxpayer[.]: **PROVIDED, THAT THOSE NOT**
19 **CLASSIFIED AS MEDIUM OR LARGE TAXPAYERS SHALL NOT BE**
20 **REQUIRED TO WITHHOLD TAXES UNDER SUBSECTION (B) OF THIS**
21 **SECTION.”**

22
23 **SEC. 8.** Section 58 of the National Internal Revenue Code of 1997, as amended,
24 is hereby further amended to read as follows:

25
26 “SEC. 58. *Returns and Payment of Taxes Withheld at Source.* –

27
28 (A) *Quarterly Returns and Payments of Taxes Withheld.* – Taxes deducted and
29 withheld under Section 57 by withholding agents shall be covered by a return
30 and paid to, **EITHER PERSONALLY OR ELECTRONICALLY**, except in cases
31 where the Commissioner otherwise permits, any authorized agent bank,
32 Revenue District Officer, **OR** Collection Agent [~~], or duly authorized Treasurer of~~
33 ~~the city or municipality where the withholding agent has his legal residence or~~
34 ~~principal place of business, or where the withholding agent is a corporation,~~
35 ~~where the principal office is located].~~

36
37 x x x”

38
39 **SEC. 9.** Section 77 of the National Internal Revenue Code of 1997, as amended,
40 is hereby amended to read as follows:

41
42 “SEC. 77. *Place and Time of Filing and Payment of Quarterly Corporate Income*
43 *Tax.* –

44 (A) *Place of Filing.* – Except as the Commissioner otherwise permits, the
45 quarterly income tax declaration required in Section 75 and the final adjustment

1 return required in Section 76 shall be filed **EITHER PERSONALLY OR**
2 **ELECTRONICALLY**, with [the] **ANY** authorized agent bank[s or], Revenue
3 District Officer or Collection Agent [~~or duly authorized Treasurer of the city or~~
4 ~~municipality having jurisdiction over the location of the principal office of the~~
5 corporation filing the return or place where its main books of accounts and other
6 data from which the return is prepared are kept].

7 (B) *Time of Filing the Income Tax Return.* – The corporate quarterly declaration
8 shall be filed, **EITHER PERSONALLY OR ELECTRONICALLY**, within sixty (60)
9 days following the close of each of the first three (3) quarters of the taxable year.
10 The final adjustment return shall be filed on or before the fifteenth (15th) day of
11 April, or on 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 on the corporate
14 quarterly returns and the final adjustment income tax returns computed in
15 accordance with Sections 75 and 76 shall be paid, **EITHER PERSONALLY OR**
16 **ELECTRONICALLY**, [at the time] **DURING THE FILING OF** the declaration or
17 return [is filed] in a manner prescribed by the Commissioner.”

18 **SEC. 10.** Section 81 of the National Internal Revenue Code of 1997, as
19 amended, is hereby amended to read as follows:

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

29
30 The return shall be filed and [the payment made] **PAID, EITHER PERSONALLY**
31 **OR ELECTRONICALLY**, within twenty-five (25) days from the close of each
32 calendar quarter: *Provided, however,* That the Commissioner may, with the
33 approval of the Secretary of Finance, require the employers to pay or deposit the
34 taxes deducted and withheld at more frequent intervals, in cases where such
35 requirement is deemed necessary to protect the interest of the Government.

36
37 x x x”

38
39 **SEC. 11.** Section 90 of the National Internal Revenue Code of 1997, as
40 amended, is hereby further amended to read as follows:

41
42 “SEC. 90. *Estate Tax Returns.* –

43
44 x x x

45 (D) *Place of Filing.* – Except in cases where the Commissioner otherwise permits,
46 the return required under Subsection (A) shall be filed, **EITHER PERSONALLY**

1 **OR ELECTRONICALLY**, with anY authorized agent bank, [~~or~~] Revenue District
2 Officer, **OR** Collection Officer[, ~~or duly authorized Treasurer of the city or~~
3 ~~municipality in which the decedent was domiciled at the time of his death or if~~
4 ~~there be no legal residence in the Philippines, with the Office of the~~
5 ~~Commissioner].”~~

6 **SEC. 12.** Section 91 of the National Internal Revenue Code of 1997, as
7 amended, is hereby further amended to read as follows:

8
9 “SEC. 91. *Payment of Tax.* –

10
11 (A) *Time of Payment.* – The estate tax imposed by Section 84 shall be paid,
12 **EITHER PERSONALLY OR ELECTRONICALLY**, [~~at the time~~] **DURING THE**
13 **FILING OF** the return [~~is filed~~] by the executor, administrator or the heirs.

14
15 x x x

16
17 (D) *Liability for Payment.* – The estate tax imposed by Section 84 shall be paid,
18 **EITHER PERSONALLY OR ELECTRONICALLY**, by the executor or
19 administrator before delivery to any beneficiary of his **THE** distributive share of
20 the estate. Such beneficiary shall to the extent of his **THE** distributive share of
21 the estate, be subsidiarily liable for the payment of such portion of the estate tax
22 as his **THE** distributive share bears to the value of the total net estate.

23
24 x x x”

25
26 **SEC. 13.** Section 103 of the National Internal Revenue Code of 1997, as
27 amended, is hereby amended to read as follows:

28
29 “SEC. 103. *Filing of Return and Payment of Tax.* –

30
31 x x x

32
33 (B) *Time and Place of Filing and Payment.* – The return of the donor required in
34 this Section shall be filed, **EITHER PERSONALLY OR ELECTRONICALLY**,
35 within thirty (30) days after the date the gift is made and the tax due thereon shall
36 be paid, **EITHER PERSONALLY OR ELECTRONICALLY**, [~~at the time of filing~~]
37 **DURING THE FILING OF THE DECLARATION OR RETURN IN A MANNER**
38 **PRESCRIBED BY THE COMMISSIONER.** Except in cases where the
39 Commissioner otherwise permits, the return shall be filed and the tax paid,
40 **EITHER PERSONALLY OR ELECTRONICALLY**, to anY authorized agent
41 bank, [~~the~~] Revenue District Officer, **OR** Revenue Collection Officer [~~or duly~~
42 ~~authorized Treasurer of the city or municipality where the donor was domiciled~~
43 ~~at the time of the transfer, or if there be no legal residence in the Philippines, with~~
44 ~~the Office of the Commissioner]. In the case of gifts made by a nonresident, the~~
45 return may be filed, **EITHER PERSONALLY OR ELECTRONICALLY**, with the
46 Philippine Embassy or Consulate in the country where he is domiciled at the time
47 of the transfer, or directly with the Office of the Commissioner.”

48
49 **SEC. 14.** Section 106 of the National Internal Revenue Code of 1997, as

1 amended, is hereby further amended to read as follows:

2
3 "SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* –

4
5 x x x

6
7 (D) *Sales Returns, Allowances and Sales Discounts.* – The value of goods or
8 properties sold and subsequently returned or for which allowances were granted
9 by a VAT-registered person may be deducted from the gross sales [or receipts]
10 for the quarter in which a refund is made or a credit memorandum or refund is
11 issued. Sales discount granted and indicated in the invoice at the time of sale
12 and the grant of which does not depend upon the happening of a future event
13 may be excluded from the gross sales within the same quarter it was given.

14
15 x x x"

16
17 **SEC. 15.** Section 108 of the National Internal Revenue Code of 1997, as
18 amended, is hereby further amended to read as follows:

19
20 "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of*
21 *Properties.* –

22
23 (A) *Rate and Base of Tax.* – There shall be levied, assessed and collected, a
24 value-added tax equivalent to twelve percent (12%) of gross [receipts] **SALES**
25 derived from the sale or exchange of services, including the use or lease of
26 properties.

27
28 x x x

29 **FOR PURPOSES OF VAT, [†]the term "gross [receipts]" SALES means the total**
30 **amount of money or its equivalent [representing the contract price,**
31 **compensation, service fee, rental or royalty, including the amount charged for**
32 **materials supplied with the services and deposits and advanced payments**
33 **actually or constructively received during the taxable quarter for the services**
34 **performed or to be performed for another person,] WHICH THE PURCHASER**
35 **PAYS OR IS OBLIGATED TO PAY TO THE SELLER IN CONSIDERATION OF**
36 **THE SALE, BARTER, OR EXCHANGE OF SERVICES AND THE USE OR**
37 **LEASE OF PROPERTIES, excluding value-added tax. THE LIABILITY TO PAY**
38 **VAT SHALL BE AT THE TIME OF THE ISSUANCE OF THE INVOICE.**

39
40 x x x

41 **(C) SALES RETURNS, ALLOWANCES AND SALES DISCOUNTS. – THE**
42 **VALUE OF SERVICES SOLD AND SUBSEQUENTLY REFUNDED OR FOR**
43 **WHICH ALLOWANCES WERE GRANTED BY A VAT-REGISTERED PERSON**
44 **MAY BE DEDUCTED FROM THE GROSS SALES FOR THE QUARTER IN**
45 **WHICH A REFUND IS MADE OR A CREDIT MEMORANDUM IS ISSUED. ANY**
46 **SALES DISCOUNT GRANTED AND INDICATED IN THE INVOICE AT THE**
TIME OF SALE AND THE GRANT OF WHICH DOES NOT DEPEND UPON A

1 **FUTURE EVENT MAY BE EXCLUDED FROM THE GROSS SALES OF THE**
2 **QUARTER IT WAS GIVEN.”**

3 **SEC. 16.** Section 109 of the National Internal Revenue Code of 1997, as
4 amended, is hereby further amended to read as follows:

5
6 “SEC. 109. *Exempt Transactions.* –

7
8 (1) Subject to the provisions of Subsection (2) hereof, the following transactions
9 shall be exempt from the value-added tax:

10 x x x

11
12 (CC) Sale or lease of goods or properties or the performance of services
13 other than the transactions mentioned in the preceding paragraphs, the
14 gross annual sales [~~and/or receipts~~] do not exceed the amount of Three
15 million pesos (P3,000,000.00)[.]; **PROVIDED, THAT THE AMOUNT**
16 **HEREIN STATED SHALL BE ADJUSTED TO ITS PRESENT VALUE NOT**
17 **LATER THAN JANUARY 01, 2024, AND EVERY THREE (3) YEARS**
18 **THEREAFTER, BASED ON THE CONSUMER PRICE INDEX (CPI) THAT**
19 **IS PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA).”**

20 **SEC. 17.** Section 110 of the National Internal Revenue Code of 1997, as
21 amended, is hereby further amended to read as follows:

22
23 “SEC. 110. *Tax Credits.* –

24
25 (A) *Creditable Input Tax.* –

26
27 (1) Any input tax evidenced by a VAT invoice [~~or official receipt~~] issued in
28 accordance with Section 113 hereof on the following transactions shall be
29 creditable against the output tax:

30
31 x x x

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

34 x x x”

35 **SEC. 18.** Section 112 of the National Internal Revenue Code of 1997, as
36 amended, is hereby further amended to read as follows:

37
38 “SEC. 112. *Refunds or Tax Credits of Input Tax.* –

39
40 (A) *Zero-rated or Effectively Zero-rated Sales.* – Any VAT-registered person,
41 whose sales are zero-rated or effectively zero-rated may, within two (2) years
42 after the close of the taxable quarter when the sales were made, apply for the
43 [~~issuance of a tax credit certificate or~~] refund of creditable input tax due or paid
44 attributable to such sales, except transitional input tax, to the extent that such

1 input tax has not been applied against output tax: *Provided, however,* That in the
2 case of zero-rated sales under Section 106 (A)(2)(a)(1), (2) and (b) and Section
3 108 (B)(1) and (2), the acceptable foreign currency exchange proceeds thereof
4 had been duly accounted for in accordance with the rules and regulations of the
5 Bangko Sentral ng Pilipinas (BSP): *Provided, further,* That where the taxpayer is
6 engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt
7 sale of goods of properties or services, and the amount of creditable input tax
8 due or paid cannot be directly and entirely attributed to any one of the
9 transactions, it shall be allocated proportionately on the basis of the volume of
10 sales: *Provided, finally,* That for a person making sales that are zero-rated under
11 Section 108 (B)(6), the input taxes shall be allocated ratably between his **THE**
12 zero-rated and non-zero-rated sales.

13
14 (C) *Period within which **THE** Refund or Tax Credit of Input Taxes shall be*
15 *Made.* – In proper cases, the Commissioner shall grant a refund for creditable
16 input taxes within ninety (90) days from the date of submission of the [~~official~~
17 ~~receipts or~~] invoices and other documents in support of the application filed in
18 accordance with Subsections (A) and (B) hereof. **VAT REFUND CLAIMS**
19 **SHALL BE CLASSIFIED INTO LOW-, MEDIUM-, AND HIGH-RISK CLAIMS:**
20 **PROVIDED, THAT MEDIUM- AND HIGH-RISK CLAIMS SHALL BE SUBJECT**
21 **TO AUDIT OR OTHER VERIFICATION PROCESSES IN ACCORDANCE WITH**
22 **THE BIR'S NATIONAL AUDIT PROGRAM FOR THE YEAR:** *Provided,*
23 **FURTHER,** That should the Commissioner find that the grant of refund is not
24 proper, the Commissioner must state in writing the legal and factual basis for the
25 denial.

26
27 x x x

28
29 (D) *Manner of Giving Refund.* – Refunds shall be made upon warrants drawn by
30 the Commissioner or by his **THE** duly authorized representative without the
31 necessity of being countersigned by the Chairman, Commission on Audit, the
32 provisions of the Administrative Code of 1987 to the contrary notwithstanding:
33 *Provided,* That refunds under this paragraph shall be subject to post audit by the
34 Commission on Audit **FOLLOWING THE RISK-BASED CLASSIFICATION**
35 **ABOVE-DESCRIBED."**

36
37 **SEC. 19.** A new section designated as Section 112-A under Chapter I, Title IV of
38 the National Internal Revenue Code of 1997, as amended, is hereby inserted to read
39 as follows:

40
41 **"SEC. 112-A. VAT REFUND FOR TOURISTS. – A TOURIST SHALL BE**
42 **ELIGIBLE FOR A VALUE-ADDED TAX (VAT) REFUND ON GOODS**
43 **PURCHASED IN THE PHILIPPINES IF SUCH GOODS ARE SHIPPED OR**
44 **TAKEN OUT OF THE COUNTRY WITHIN SIXTY (60) DAYS FROM THE DATE**
45 **OF PURCHASE, AND THE TOTAL VALUE OF GOODS PURCHASED MUST**
46 **AT LEAST BE THREE THOUSAND PESOS (P3,000.00): PROVIDED, THAT**
47 **SUCH THRESHOLD MAY BE REASONABLY ADJUSTED TO AN AMOUNT**
48 **THAT WOULD SUFFICIENTLY COVER THE COST OF ADMINISTERING THE**
49 **REFUND, AS DETERMINED BY THE SECRETARY OF FINANCE, UPON**
50 **RECOMMENDATION OF THE COMMISSIONER OF INTERNAL REVENUE.**

1
2 **FOR PURPOSES OF THIS SECTION, A "TOURIST" SHALL REFER TO A**
3 **FOREIGN INDIVIDUAL NOT A RESIDENT OF, NOR ENGAGED IN TRADE OR**
4 **BUSINESS IN, THE PHILIPPINES, WHO COMES TO THE COUNTRY FOR**
5 **TRAVEL, RECREATION, LEISURE, OR BUSINESS FOR A PERIOD NOT**
6 **EXCEEDING SIX (6) MONTHS."**
7

8 **SEC. 20.** Section 113 of the National Internal Revenue Code of 1997, as
9 amended, is hereby further amended to read as follows:

10
11 *"SEC. 113. Invoicing and Accounting Requirements for VAT-Registered*
12 *Persons. –*

13
14 (A) *Invoicing Requirement[s]. – A VAT-registered person shall issue[:*

15
16 ~~(1)-A]~~ **A VAT invoice for every sale, barter, [or] exchange, OR LEASE** of goods
17 or properties[; and

18
19 ~~(2) A VAT official receipt for every lease of goods or properties,] and for every~~
20 sale, barter or exchange of services.

21 (B) *Information Contained in the VAT Invoice [or VAT Official Receipt]. – The*
22 *following information shall be indicated in the VAT invoice [or VAT official*
23 *receipt]:*

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

26 (2) The total amount which the purchaser pays or is obligated to pay to the seller
27 with the indication that such amount includes the value-added tax. *Provided,*
28 *That:*

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

31 (b) If the sale is exempt from value-added tax, the term "*VAT-exempt sale*"
32 shall be written or printed prominently on the invoice [or receipt];

33 (c) If the sale is subject to zero percent (0%) value-added tax, the term "*zero-*
34 *rated sale*" shall be written or printed prominently on the invoice [or receipt];

35 (d) If the sale involved goods, properties or services some of which are
36 subject to and some of which are VAT zero-rated or VAT-exempt, the invoice
37 [or receipt] shall clearly indicate the break-down of the sale price between its
38 taxable, exempt and zero-rated components, and the calculation of the
39 value-added tax on each portion of the sale shall be shown on the invoice
40 [or receipt]: *Provided, That* the seller may issue separate invoices [or
41 receipts] for the taxable, exempt, and zero-rated components of the sale.

42 x x x

1 (D) *Consequence of Issuing AN Erroneous VAT Invoice [or VAT Official*
2 *Receipt]. –*

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

6 x x x

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

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

14 **(3) IF A VAT-REGISTERED PERSON ISSUES A VAT INVOICE TO**
15 **ANOTHER VAT-REGISTERED PERSON WITH LACKING INFORMATION**
16 **REQUIRED UNDER SUBSECTION (B) HEREOF, THE ISSUER SHALL BE**
17 **LIABLE TO A PENALTY IMPOSABLE FOR NON-COMPLIANCE WITH THE**
18 **INVOICING REQUIREMENT: PROVIDED, HOWEVER, THAT THE VAT**
19 **SHALL STILL BE RECOGNIZED AS TAX CREDIT ON THE PART OF THE**
20 **PURCHASER PURSUANT TO SECTION 110 OF THIS CODE IF THE**
21 **LACKING INFORMATION DO NOT PERTAIN TO THE AMOUNT OF SALES,**
22 **THE AMOUNT OF VAT, THE NAME AND TIN OF BOTH THE PURCHASER**
23 **AND ISSUER/SELLER, AND THE DATE OF THE TRANSACTION.**

24 x x x"

25 **SEC. 21.** Section 114 of the National Internal Revenue Code of 1997, as
26 amended, is hereby further amended to read as follows:

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

28 (A) *In General. –* Every person liable to pay the value-added tax imposed under
29 this Title shall file, **EITHER PERSONALLY OR ELECTRONICALLY**, a quarterly
30 return of the amount of his **THE** gross sales [or receipts] within twenty-five (25)
31 days following the close of each taxable quarter prescribed for each taxpayer:
32 *Provided, however,* That VAT-registered persons shall pay, **EITHER**
33 **PERSONALLY OR ELECTRONICALLY**, the value-added tax on a monthly
34 basis: *Provided, finally,* That beginning January 1, 2023, the filing and payment
35 required under this Subsection shall be done within twenty-five (25) days
36 following the close of each taxable quarter.

37 x x x

38 (B) *Where to File the Return and Pay the Tax. –* Except as the Commissioner
39 otherwise permits, the return shall be filed with and the tax paid, **EITHER**

1 **PERSONALLY OR ELECTRONICALLY**, to any authorized agent bank[;] **OR**
2 Revenue Collection Officer [~~or duly authorized city or municipal Treasurer in the~~
3 ~~Philippines located within the revenue district where the taxpayer is registered or~~
4 ~~required to register~~].

5 x x x”

6 **SEC. 22.** Section 115 of the National Internal Revenue Code of 1997, as
7 amended, is hereby amended to read as follows:

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

13 (a) In the case of a VAT-registered Person. –

- 14 (1) Failure to issue [~~receipts or~~] invoices;
- 15 (2) Failure to file a value-added tax return as required under Section 114; or
- 16 (3) Understatement of taxable sales [~~or receipts~~] by thirty percent (30%) or
17 more of his **THE** correct taxable sales [~~or receipts~~] for the taxable quarter.

18 x x x”

19 **SEC. 23.** Section 116 of the National Internal Revenue Code of 1997, as
20 amended, is hereby further amended to read as follows:

21
22 “SEC. 116. *Tax on Persons Exempt from Value-Added Tax (VAT).* – Any person
23 whose sales [~~or receipts~~] are exempt under Section 109 (CC) of this Code from
24 the payment of value-added tax and who is not a VAT-registered person shall
25 pay, **EITHER PERSONALLY OR ELECTRONICALLY**, a tax equivalent to three
26 percent (3%) of his **THE** gross quarterly sales [~~or receipts~~]: *Provided*, That
27 cooperatives shall be exempt from the three percent (3%) gross receipts tax
28 herein imposed: *Provided, further*, That effective July 1, 2020 until June 30, 2023,
29 the rate shall be one percent (1%).”

30
31 **SEC. 24.** Section 117 of the National Internal Revenue Code of 1997, as
32 amended, is hereby further amended to read as follows:

33
34 “SEC. 117. *Percentage Tax on Domestic Carriers and Keepers of Garages.* –
35 Cars for rent or hire driven by the lessee, transportation contractors, including
36 persons who transport passengers for hire, and other domestic carriers by land,
37 for the transport of passengers (except owners of *bancas* and owners of animal-
38 drawn two wheeled vehicle), and keepers of garages shall pay a tax equivalent
39 to three percent (3%) of their quarterly gross [~~receipts~~] **SALES**.

40
41 The gross [~~receipts~~] **SALES** of common carriers derived from their incoming and
42 outgoing freight shall not be subjected to the local taxes imposed under Republic

1 Act No. 7160, otherwise known as the Local Government Code of 1991.

2
3 ~~[In computing the percentage tax provided in this Section, the following shall be~~
4 ~~considered the minimum quarterly gross receipts in each particular case:~~

5
6 ~~Jeepney for hire—~~

- 7 1. ~~Manila and other cities — P2,400~~
8 2. ~~Provincial — P1,200~~

9
10 ~~Public utility bus—~~

- 11 1. ~~Not exceeding 30 passengers — P3,600~~
12 2. ~~Exceeding 30 but not exceeding 50 passengers — P6,000~~
13 3. ~~Exceeding 50 passengers — P7,200~~

14
15 ~~Taxis—~~

- 16 1. ~~Manila and other cities — P3,600~~
17 2. ~~Provincial — P2,400~~

18
19 ~~Car for hire (with chauffer) — P3,000~~

20
21 ~~Car for hire (without chauffer) — P1,800]”~~

22 **SEC. 25.** Section 118 of the National Internal Revenue Code of 1997, as
23 amended, is hereby further amended to read as follows:

24 “SEC. 118. *Percentage Tax on International Carriers.* —

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

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

33 **SEC. 26.** Section 119 of the National Internal Revenue Code of 1997, as
34 amended, is hereby further amended to read as follows:

35
36 “SEC. 119. *Tax on Franchises.* — Any provision of general or special law to the
37 contrary notwithstanding, there shall be levied, assessed and collected in respect
38 to all franchises on radio and/or television broadcasting companies whose
39 annual gross ~~[receipts]~~ **SALES** of the preceding year do not exceed Ten million
40 pesos (P10,000.00), subject to Section 236 of this Code, a tax of three percent
41 (3%) and on gas and water utilities, a tax of two percent (2%) on the gross
42 ~~[receipts]~~ **SALES** derived from the business covered by the law granting the
43 franchise: *Provided, however,* That radio and television broadcasting companies
44 referred to in this Section shall have an option to be registered as a value-added
45 taxpayer and pay the tax due thereon: *Provided, further,* That once the option is

1 exercised, said option shall be irrevocable.

2
3 x x x”

4
5 **SEC. 27.** Section 120 of the National Internal Revenue Code of 1997, as
6 amended, is hereby amended to read as follows:

7
8 “SEC. 120. *Tax on Overseas Dispatch, Message or Conversation Originating*
9 *from the Philippines.* –

10
11 (A) *Persons Liable.* - There shall be collected upon every overseas dispatch,
12 message or conversation transmitted from the Philippines by telephone,
13 telegraph, telewriter exchange, wireless and other communication equipment
14 services, a tax of ten percent (10%) on the amount [paid] **PAYABLE** for such
15 services. The tax imposed in this Section shall be payable by the person paying
16 for the services rendered and shall be paid to the person rendering the services
17 who is required to collect and pay the tax within twenty (20) days after the end of
18 each quarter.

19
20 x x x”

21
22 **SEC. 28.** Section 128 of the National Internal Revenue Code of 1997, as
23 amended, is hereby further amended to read as follows:

24
25 “SEC. 128. *Returns and Payment of Percentage Taxes.* –

26
27 (A) *Returns of Gross Sales, Receipts or Earnings and Payment of Tax.* –

28
29 (1) *Persons Liable to Pay Percentage Taxes.* – Every person subject to the
30 percentage taxes imposed under this Title shall file, **EITHER PERSONALLY**
31 **OR ELECTRONICALLY**, a quarterly return of the amount of [his] **THE**
32 **PERSON’S** gross sales, receipts or earnings and pay, **EITHER**
33 **PERSONALLY OR ELECTRONICALLY**, the tax due thereon within twenty-
34 five (25) days after the end of each taxable quarter: Provided, That in the
35 case of a person whose VAT registration is cancelled and who becomes
36 liable to the tax imposed in Section 116 of this Code, the tax shall accrue
37 from the date of cancellation and shall be paid in accordance with the
38 provisions of this Section.

39
40 (2) *Person Retiring from Business.* – Any person retiring from a business
41 subject to percentage tax shall notify the nearest internal revenue officer, file,
42 **EITHER PERSONALLY OR ELECTRONICALLY** [his] **THE PERSON’S**
43 return and pay, **EITHER PERSONALLY OR ELECTRONICALLY**, the tax
44 due thereon within twenty (20) days after closing [his] **THE** business.

45
46 x x x

47
48 (B) *Where to File.* – Except as the Commissioner otherwise permits, every
49 person liable to the percentage tax under this Title [~~may, at his option,~~] **SHALL**
50 file, **EITHER PERSONALLY OR ELECTRONICALLY**, a [~~separate return for~~

1 each branch or place of business, or] a consolidated return for all branches or
2 places of business with [the] **ANY** authorized agent bank, Revenue District
3 Officer, **OR** Collection Agent [~~or duly authorized Treasurer of the city or~~
4 ~~municipality where said business or principal place of business is located, as the~~
5 ~~case may be].”~~
6

7 **SEC. 29.** Section 200 of the National Internal Revenue Code of 1997, as
8 amended, is hereby amended to read as follows:
9

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

11
12 (A) *In General.* – The provisions of Presidential Decree No. 1045
13 notwithstanding, any person liable to pay documentary stamp tax upon any
14 document subject to tax under Title VII of this Code shall file, **EITHER**
15 **PERSONALLY OR ELECTRONICALLY**, a tax return and pay, **EITHER**
16 **PERSONALLY OR ELECTRONICALLY**, the tax in accordance with the rules
17 and regulations to be prescribed by the Secretary of Finance, upon
18 recommendation of the Commissioner.
19

20 (B) *Time for Filing and Payment of the Tax.* – Except as provided by rules and
21 regulations promulgated by the Secretary of Finance, upon recommendation of
22 the Commissioner, the tax return prescribed in this Section shall be filed, **EITHER**
23 **PERSONALLY OR ELECTRONICALLY**, within ten (10) days after the close of
24 the month when the taxable document was made, signed, issued, accepted, or
25 transferred, and the tax thereon shall be paid, **EITHER PERSONALLY OR**
26 **ELECTRONICALLY**, at the same time the aforesaid return is filed.
27

28 (C) *Where to File.* – Except in cases where the Commissioner otherwise permits,
29 the aforesaid tax return shall be filed, **EITHER PERSONALLY OR**
30 **ELECTRONICALLY**, with and the tax due shall be paid, **EITHER PERSONALLY**
31 **OR ELECTRONICALLY**, through [the] **ANY** authorized agent bank [~~within the~~
32 ~~territorial jurisdiction of the Revenue District Office which has jurisdiction over the~~
33 ~~residence or principal place of business of the taxpayer]. In places where there~~
34 ~~is no authorized agent bank, the return shall be filed with [the] **A** Revenue District~~
35 ~~Officer[.] **OR** [e]Collection [a]Agent[.] or duly authorized Treasurer of the city or~~
36 ~~municipality in which the taxpayer has his legal residence or principal place of~~
37 ~~business].~~
38

39 x x x”
40

41 **SEC. 30.** Section 236 of the National Internal Revenue Code of 1997, as
42 amended, is hereby further amended to read as follows:
43

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

45
46 (A) *Requirements.* – Every person subject to any internal revenue tax shall
47 register once with the appropriate Revenue District Officer **OR THROUGH**
48 **ELECTRONIC MEANS:**
49

50 x x x

1
2 The registration shall contain the taxpayer's name, [style,] place of residence,
3 business and such other information as may be required by the Commissioner
4 in the form prescribed therefor: *Provided*, **THAT THE COMMISSIONER SHALL**
5 **ENSURE THE AVAILABILITY OF REGISTRATION FACILITIES TO**
6 **TAXPAYERS WHO ARE NOT RESIDING IN THE COUNTRY: PROVIDED,**
7 **FURTHER**, That the Commissioner shall simplify the business registration and
8 tax compliance requirements of self-employed individuals and/or professionals.

9
10 x x x

11 ~~[(B) *Annual Registration Fee* — An annual registration fee in the amount of Five~~
12 ~~hundred pesos (P500) for every separate or distinct establishment or place of~~
13 ~~business, including facility types where sales transactions occur, shall be paid~~
14 ~~upon registration and every year thereafter on or before the last day of January:~~
15 ~~Provided, however, That cooperatives, individuals earning purely compensation~~
16 ~~income, whether locally or abroad, and overseas workers are not liable to the~~
17 ~~registration fee herein imposed.~~

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

22 ~~[(C)]~~ **(B) *Registration of Each Type of Internal Revenue Tax.* — Every person who**
23 **is required to register with the Bureau of Internal Revenue under Subsection (A)**
24 **hereof, shall register each type of internal revenue tax for which he is obligated,**
25 **shall file, EITHER PERSONALLY OR ELECTRONICALLY, a return and shall**
26 **pay, EITHER PERSONALLY OR ELECTRONICALLY, such taxes, and shall**
27 **update such registration of any changes in accordance with Subsection (E)**
28 **hereof.**

29 ~~[(D)]~~ **(C) *Transfer of Registration.* — In case a registered person decides to**
30 **transfer [his] THE place of business or [his] head office or branches, it shall be**
31 **[his] THE PERSON'S duty to update [his] THE registration status by filing,**
32 **EITHER PERSONALLY OR ELECTRONICALLY, an application for registration**
33 **information update in the form prescribed therefor.**

34 ~~[(E)]~~ **(D) x x x**

35 ~~[(F)]~~ **(E) *Cancellation of Registration.* —**

36 **(1) *General Rule.* — The registration of any person who ceases to be liable to**
37 **a tax type shall be cancelled upon MERE filing with the Revenue District**
38 **Office where [he] THE PERSON is registered OR THROUGH ELECTRONIC**
39 **MEANS, an application for registration information update in a form**
40 **prescribed therefor. HOWEVER, THIS SHALL NOT PRECLUDE THE**
41 **REVENUE DISTRICT OFFICER FROM CONDUCTING AN AUDIT IN**
42 **ORDER TO DETERMINE TAX LIABILITY.**

1 (2) *Cancellation of Value-Added Tax Registration.* – A VAT- registered
2 person may cancel [his] **THE** registration for VAT if:

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

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

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

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

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

19 (a) [His] **THE PERSON'S** gross sales [~~or receipts~~] for the past twelve (12)
20 months, other than those that are exempt under Section 109 (A) to (BB),
21 have exceeded [~~Three million pesos (P3,000,000)]~~ **THE THRESHOLD**
22 **AS PROVIDED IN SECTION 109 (CC)**; or

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

27 (2) Every person who becomes liable to be registered under paragraph (1)
28 of this Subsection shall register, **EITHER PERSONALLY OR**
29 **ELECTRONICALLY**, with the Revenue District Office which has jurisdiction
30 over the head office or branch of that person, and shall pay, **EITHER**
31 **PERSONALLY OR ELECTRONICALLY**, the annual registration fee
32 prescribed in Subsection (B) hereof. If he **SUCH PERSON** fails to register,
33 he/**SHE** shall be liable to pay the tax under Title IV as if he were a VAT-
34 registered person, but without the benefit of input tax credits for the period in
35 which he was not properly registered.

36 ~~[(H)]~~ **(G)** *Optional Registration for Value-Added Tax of Exempt Person.* —

37 (1) Any person who is not required to register for value-added tax under
38 Subsection ~~[(G)]~~ **(F)** hereof may elect to register, **EITHER PERSONALLY**
39 **OR ELECTRONICALLY**, for value-added tax [~~by registering~~] with the

1 Revenue District Office that has a jurisdiction over the head office of that
2 person. [~~and paying the annual registration fee in Subsection (B) hereof.~~]

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

6 x x x

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

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

15 x x x

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

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

28 x x x"

29
30 **SEC. 31.** Section 237 of the National Internal Revenue Code of 1997, as
31 amended, is hereby further amended to read as follows:

32
33 "SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices. –*

34
35 (A) *Issuance.* – All persons subject to an internal revenue tax shall, at the point
36 of each sale and transfer of merchandise or for services rendered [valued at One
37 hundred pesos (P100.00) or more,] issue duly registered receipts or sales or
38 commercial invoices, showing the date of transaction, quantity, unit cost and
39 description of merchandise or nature of service: *Provided, however*, That where
40 the receipt is issued to cover payment made as rentals, commissions,
41 compensation, or fees, receipts or invoices shall be issued which shall show the
42 name, [business style, if any,] and address of the purchaser, customer or client:

1 *Provided, further,* That where the purchaser is a VAT-registered person, in
2 addition to the information herein required, the invoice or receipt shall further
3 show the Taxpayer Identification Number (TIN) of the purchaser.
4

5 x x x”
6

7 **SEC. 32.** Section 245 of the National Internal Revenue Code of 1997, as
8 amended, is hereby amended to read as follows:
9

10 “SEC. 245. *Specific Provisions to be Contained in Rules and Regulations.* – The
11 rules and regulations of the Bureau of Internal Revenue shall, among other
12 things, contain provisions specifying, prescribing or defining:
13

14 x x x
15

16 (J) The manner in which internal revenue taxes, such as income tax, including
17 withholding tax, estate and donor's taxes, value-added tax, other percentage
18 taxes, excise taxes and documentary stamp taxes shall be paid, **EITHER**
19 **PERSONALLY OR ELECTRONICALLY**, through the collection officers of the
20 Bureau of Internal Revenue or through duly authorized agent banks which are
21 hereby deputized to receive payments of such taxes and the returns, papers and
22 statements that may be filed by the taxpayers in connection with the payment of
23 the tax: *Provided, however,* That notwithstanding the other provisions of this
24 Code prescribing the place of filing of returns and payment of taxes, the
25 Commissioner may, by rules and regulations, require that the tax returns, papers
26 and statements and taxes of **MEDIUM AND** large taxpayers be filed and paid,
27 respectively, through collection officers or through duly authorized agent banks:
28 [*Provided, further,* That the Commissioner can exercise this power within six (6)
29 years from the approval of Republic Act No. 7646 or the completion of its
30 comprehensive computerization program, whichever comes earlier:] *Provided,*
31 [*finally*] **FURTHER**, That separate venues for the Luzon, Visayas and Mindanao
32 areas may be designated for the filing of tax returns and payment of taxes by
33 said **MEDIUM AND** large taxpayers.

34 [~~For the purpose of this Section, 'large taxpayer' means a taxpayer who satisfies~~
35 ~~any of the following criteria:~~

36 ~~(1) Value-Added Tax (VAT) — Business establishment with VAT paid or~~
37 ~~payable of at least One hundred thousand pesos (P100, 000) for any quarter~~
38 ~~of the preceding taxable year;~~

39 ~~(2) Excise tax — Business establishment with excise tax paid or payable of at~~
40 ~~least One million pesos (P1, 000,000) for the preceding taxable year;~~

41 ~~(3) Corporate Income Tax — Business establishment with annual income tax~~
42 ~~paid or payable of at least One million pesos (P1,000,000) for the preceding~~
43 ~~taxable year; and~~

1 ~~(4) Withholding tax — Business establishment with withholding tax payment or~~
2 ~~remittance of at least One million pesos (P1,000,000) for the preceding~~
3 ~~taxable year.~~

4 ~~Provided, however, That the Secretary of Finance, upon recommendation of the~~
5 ~~Commissioner, may modify or add to the above criteria for determining a large~~
6 ~~taxpayer after considering such factors as inflation, volume of business, wage~~
7 ~~and employment levels, and similar economic factors.]~~

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

12 **SEC. 33.** Section 248 of the National Internal Revenue Code of 1997, as
13 amended, is hereby amended to read as follows:

14 “SEC. 248. *Civil Penalties.* —

15 (A) There shall be imposed, in addition to the tax required to be paid, a penalty
16 equivalent to ~~[twenty-five percent (25%)]~~ **TWELVE PERCENT (12%)** of the
17 amount due, in the following cases:
18
19

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

22 ~~[(2) Unless otherwise authorized by the Commissioner, filing a return with an~~
23 ~~internal revenue officer other than those with whom the return is required to~~
24 ~~be filed; or]~~

25 ~~[(3)]~~ (2) Failure to pay the deficiency tax within the time prescribed for its
26 payment in the notice of assessment; or

27 ~~[(4)]~~ (3) Failure to pay the full or part of the amount of tax shown on any return
28 required to be filed under the provisions of this Code or rules and regulations,
29 or the full amount of tax due for which no return is required to be filed, on or
30 before the date prescribed for its payment.

31 x x x”

32 **SEC. 34. *Implementing Rules and Regulations.*** — Within ninety (90) calendar
33 days from the effectivity of this Act, the Secretary of Finance shall, in consultation with
34 the Bureau of Internal Revenue and the private sector, promulgate the necessary rules
35 and regulations for its effective implementation.

36
37 **SEC. 35. *Separability Clause.*** — If any provision of this Act is declared invalid
38 or unconstitutional, the other provisions not affected thereby shall remain in full force
39 and effect.

40
41 **SEC. 36. *Repealing Clause.*** — All laws, decrees, executive issuances, and rules

1 and regulations inconsistent with the provisions of this Act are hereby repealed or
2 modified accordingly.

3

4 **SEC. 37. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
5 complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,