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TAX RULES & NEWS

SERIES NO. 014-2024

IN THIS SERIES:

Latest from BIR

- Revenue Memorandum Circulars (RMC)

Tax and Business Related News

BKR INTERNATIONAL | INDEPENDENT MEMBER

BUREAU OF INTERNAL REVENUE *Issuances*

REVENUE MEMORANDUM CIRCULARS (RMC)

RMC No. 54-2024
April 15, 2024

Amends RMC No. 91-2018 relative to the Taxpayer Identification Number (TIN) Issuance to Clients of Microfinance Non-Government Organizations (MF-NGOs) and Members of Cooperatives through Online Registration and Update System (ORUS)

Full Text | **ORUS User Guide or Taxpayer Job Aid for EO98**

RMC No. 55-2024
April 15, 2024

Extends the ninety-day period for the actual imposition of Withholding Tax on Gross Remittances made by electronic marketplace operators and digital financial services providers to sellers/merchants prescribed under RR No. 16-2023

Full Text

RMC No. 56-2024
April 17, 2024

Clarifies the issuance of Electronic Certificate Authorizing Registration relative to One-Time Transaction (ONETT)

Full Text

TAX AND BUSINESS RELATED News

BIR WEEKENDER BRIEFS

Volume No. 15 Issue No 15 Week ending April 12, 2024

BIR Revenue District Office filed a RATE case at the Angeles City Prosecutor's Office on April 5.

https://www.bir.gov.ph/images/bir_files/internal_communications_5/2024 Weekender Briefs/v15n15 highres.pdf

Lumagui: BIR grants 90-day extension for compliance with Withholding Tax on Online Sellers / Merchants under Revenue Regulations No. 16-2023

Bureau of Internal Revenue Commissioner Romeo D. Lumagui Jr. granted an extension of the transitory period for compliance with Revenue Regulations No. 16-2023 (RR No. 16- 2023) that implements a withholding tax system on gross remittances made by electronic marketplace operators and digital financial services providers to sellers/merchants. Revenue Memorandum Circular No. 55-2024 extended the transition period by adding another 90-days for compliance, or until July 14, 2024. The extension was made after considering the private sector's request in relation to implementing RR No. 16-2023

https://www.bir.gov.ph/images/bir_files/internal_communications_1/2024/Press Release/PR26APR1624.pdf

Court upholds conviction of BIR officer from Davao who asked for money, land

(Rappler.com / April 11, 2024)

MANILA, Philippines – The anti-graft court Sandiganbayan has rejected the appeal of a Bureau of Internal Revenue (BIR) officer in Davao City, to overturn its November 6, 2023 decision which convicted him for the breach of the Code of Conduct and Ethical Standards for Public Officials and Employees. The court upheld its previous decision that convicted BIR officer Leo Gonzalez on two counts of solicitation and acceptance of gifts.

Click the link below to read the full news from the source:
https://www.rappler.com/nation/mindanao/sandiganbayan-upholds-conviction-bir-officer-davao-asked-money-land/

TAX AND BUSINESS RELATED News

BIR releases implementing rules for Ease of Paying Taxes law

(Business World / Luisa Maria Jacinta C. Jocson / April 14, 2024)

THE Bureau of Internal Revenue (BIR) has released six sets of revenue regulations (RR) for the implementation of the Ease of Paying Taxes Act. The regulations cover the new classifications of taxpayers, the simplified filing process for tax returns and payments, and amendments to penalty rates, among others.In January, President Ferdinand R. Marcos, Jr. signed into law the measure that seeks to streamline the tax system.The act amends sections of the National Internal Revenue Code of 1997 and introduces several tax reforms.

Under Revenue Regulations No. 3-2024, all references to "gross selling price," "gross value in money" and "gross receipts" will now be referred to as "gross sales" regardless of whether they are issued for goods or services. The term "invoice" will also now be used instead of "sales/commercial invoices" or "commercial receipts."

Revenue Regulations No. 4-2024 govern the filing of tax returns and tax payments, allowing electronic as well as manual transactions.

Revenue Regulations No. 5, the BIR outline a risk-based approach in verifying VAT refund claims.

Meanwhile, Revenue Regulations No. 6 imposes reduced interest rates and penalties for micro and small taxpayers.

Revenue Regulations No. 7 also implements amendments on registration procedures and invoicing requirements.

Revenue Regulations No. 8 implements the new classification of taxpayers.

Click the link below to read the full news from the source:
https://www.bworldonline.com/economy/2024/04/14/587919/bir-releases-implementing-rules-for-ease-of-paying-taxes-law/

TAX AND BUSINESS RELATED News

Franchise industry say tax, regulation hindering growth

(Business World / Justine Irish D. Tabile / April 14, 2024)

THE Philippine Franchise Association (PFA) said that tax incentives and regulation become more complex the more its companies grow, putting them at a disadvantage to foreign competitors. "Comparatively, foreign brands are more aggressive because they have backing. First and foremost, they have tax incentives; they have tax holidays when they are scaling up," according to Sherill R. Quintana, chair of the council of past presidents of PFA, on the sidelines of Franchise Asia Philippines 2024.

Click the link below to read the full news from the source:
https://www.bworldonline.com/economy/2024/04/14/587916/franchise-industry-says-tax-regulation-hindering-growth/

Taxing times for tax evaders; understanding tax evasion

(Business World / Ramon Vaughan F. Dy III / April 15, 2024)

According to estimates, the Philippines loses P500 billion to tax evasion annually. Thus, in the early stages of his term as the Commissioner of the Bureau of Internal Revenue (BIR), Commissioner Romeo Lumagui implemented several reforms and programs against tax evaders. These programs include enforcement operations, including the demonstrably successful Run After Fake Transactions (RAFT) and Run After Tax Evaders (RATE) programs. Highlighting his commitment to prosecute tax evaders, the BIR's enforcement activities have led to countless raids and arrests for violations of the Tax Code. In 2023, the BIR filed cases under its RAFT program against sellers and buyers of fake receipts, with estimated tax liabilities of P45 billion. For the RATE Program, 221 cases were filed, involving estimated tax liabilities of P13.24 billion. Aside from enforcement, the BIR is also active in information campaigns to educate taxpayers about their tax obligations. The BIR is particularly busy with these campaigns during the income tax return filing season, which culminated on the April 15 deadline. Taxpayers were constantly reminded of their responsibility to pay the right taxes on time in order not to be labeled or prosecuted as tax evaders.

Click the link below to read the full news from the source:
https://www.bworldonline.com/economy/2024/04/15/588283/taxing-times-for-tax-evaders-understanding-tax-evasion/

TAX AND BUSINESS RELATED News

CTA junks Davao City Water District's claim for P36.7M franchise tax refund

(Manila Bulletin / Czarina Nicole Ong Ki / April 15, 2024)

The Court of Tax Appeals (CTA) has denied the claim for refund of P36.7 million in franchise tax sought by the Davao City Water District (DCWD) from the Bureau of Internal Revenue (BIR) for taxable years 2003 to 2011. With its ruling, the CTA as a full court denied the petition filed by DCWD which challenged the May 6, 2022 decision handed down by the tax court's third division in favor of the BIR.

Click the link below to read the full news from the source:
https://mb.com.ph/2024/4/15/cta-junks-davao-city-water-district-s-claim-for-p36-7-m-franchise-tax-refund

BIR on track to hit April tax collection target

(Business World / Aaron Micheal C. Sy / April 15, 2024)

THE BUREAU of Internal Revenue (BIR) said it was confident it will hit its P400 billion-target for tax collections for April. BIR Commissioner Romeo D. Lumagui, Jr. told reporters on Monday that the BIR was confident due to the aggressive enforcement measures like a crackdown on the issue of fake receipts. "We're expecting that we will be able to meet the P400-billion target for April. If we total the income taxes for the year 2023, we're expecting to reach that," he said, referring to the April 15 filing deadline for income tax returns.

Click the link below to read the full news from the source:
https://www.bworldonline.com/economy/2024/04/15/588292/bir-on-track-to-hit-april-tax-collection-target/

Carbon Tax seen bolstering climate funding in region

(Business World / Beatriz Marie D. Cruz / April 15, 2024)

PROPOSED carbon tax could help provide the funding Southeast Asia needs to mitigate climate-related disasters, the Asian Development Bank (ADB) said in a webinar, noting that the region is lagging in raising such funding. "I think carbon taxes are critical actually in our region. We need to be looking at how to increase revenues and fiscal resources for climate action," Naeeda Crishna Morgado, Senior Infrastructure Specialist (Climate Finance) at the ADB's Southeast Asia department,

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said at the webinar. The Department of Finance said in January that it is studying a carbon tax that is "responsive and economically sensitive."

Click the link below to read the full news from the source:
https://www.bworldonline.com/economy/2024/04/15/588289/carbon-tax-seen-bolstering-climate-funding-in-region/

ADB urges Philippine gov't to broaden online tax take

(Business World / BMC / April 15, 2024)

THE PHILIPPINE government must consider expanding taxes for digital services and enhance revenue collection efforts, an Asian Development Bank (ADB) official said. "We know with just from the COVID [pandemic,] the proliferation in some of the consumption on online consumption and buying... so I think that's an area where we could look at, probably broadening the tax take there," ADB's Philippines Country Director Pavit Ramachandran told a media briefing on Thursday. The Department of Finance (DoF) has included the proposed value-added tax on digital service providers (DSPs) in its list of priority measures.

Click the link below to read the full news from the source:
https://www.bworldonline.com/top-stories/2024/04/15/587884/adb-urges-philippine-govt-to-broaden-online-tax-take/

BIR urged to support online businesses during rollout of withholding tax scheme

(Business World / Luisa Maria Jacinta C. Jocson / April 16, 2024)

THE Bureau of Internal Revenue (BIR) must continue supporting online platforms and sellers during the rollout of a withholding tax scheme amid complaints about difficulties with compliance, a tax practitioner said. "It is not unusual for the BIR to extend the period to comply, especially if they are introducing a new requirement. It shows that the BIR recognizes the difficulty of the taxpayers in adjusting to the new requirements," Eleanor L. Roque, tax principal of P&A Grant Thornton, said in a Viber message.

Click the link below to read the full news from the source:
https://www.bworldonline.com/economy/2024/04/16/588601/bir-urged-to-support-online-businesses-during-rollout-of-withholding-tax-scheme/

TAX AND BUSINESS RELATED News

BIR delays 1 percent withholding tax on online sellers

(The Philippine Star / April 16, 2024)

- MANILA, Philippines — The Bureau of Internal Revenue (BIR) has deferred the imposition of the one percent withholding tax on online platform providers to mid-July instead of mid-April to allow adjustments among taxpayers. BIR Commissioner Romeo Lumagui issued a memorandum circular extending the 90-day period for the actual imposition of withholding tax on gross remittances made by electronic marketplace operators and digital financial services providers to sellers and merchants.

Click the link below to read the full news from the source:
https://www.philstar.com/business/2024/04/16/2347920/bir-delays-1-percent-withholding-tax-online-sellers

Recto secures World Bank's support on PH gov't digitalization program to enhance tax administration, among other key areas

(Department of Finance / April 17, 2024)

Finance Secretary Ralph G. Recto has kicked off the World Bank-International Monetary Fund (WB-IMF) Spring Meetings this year with a high-level meeting with World Bank Group (WBG) top officials where he secured support for the Philippine government's digitalization program to enhance tax administration, among other key areas. During the WBG meeting led by Regional Vice President for East Asia and the Pacific Manuela Ferro, Secretary Recto emphasized the Department of Finance (DOF)'s focus on digitalization to improve tax collection efficiency, especially now that a fourth of Filipino consumers have moved to e-commerce. The Bank expressed strong support for assisting the DOF on this front, emphasizing that it has currently created a new team in the institution dedicated to providing digital solutions to a variety of development programs, especially to those connected to fiscal areas.

Click the link below to read the full news from the source:
https://www.dof.gov.ph/recto-secures-world-banks-support-on-ph-govt-digitalization-program-to-enhance-tax-administration-among-other-key-areas/

TAX AND BUSINESS RELATED News

What is a false tax return?

(The Manila Times / Xela Leona Laqui / April 18, 2024)

UNDER Section 222 of the National Internal Revenue Code (Tax Code), the 10-year prescriptive period for the Commissioner of Internal Revenue (CIR) to assess tax applies in cases where a taxpayer files a false or fraudulent return with intent to evade tax or fails or omits to file a return. This 10-year period is an exception to the general rule prescribed under Section 203 of the Tax Code, which provides that internal revenue taxes shall be assessed within three years from the day the return was actually filed, or the last day for filing the return stated under the Tax Code. It should be noted that Section 222 speaks of three distinct cases when the extraordinary ten-year assessment period may be invoked by the CIR: (1) filing a false return, (2) filing a fraudulent return, or (3) omitting to file a return. For this article, we focus on how a "false return" is defined or applied for purposes of invoking the ten-year prescriptive period under Section 222, since mistakes or inaccuracies may commonly be found in tax returns.

Click the link below to read the full news from the source:
https://www.manilatimes.net/2024/04/18/business/top-business/what-is-a-false-tax-return/1942043

No more minimum commission for stockbrokers – SEC –

(Business World / Revin Mikheal D. Ochave / April 18, 2024)

THE Securities and Exchange Commission (SEC) announced on Wednesday a decision to remove the minimum commission that stockbrokers may charge their customers, aiming to stimulate activity within the capital market. “The new rule allows brokers to set their own commission schedule for transactions with their customers, without the limitations of a prescribed regulatory minimum commission,” the SEC said in a statement, citing its Memorandum Circular No. 7 issued on April 16.

Click the link below to read the full news from the source:
https://www.bworldonline.com/corporate/2024/04/18/588945/no-more-minimum-commission-for-stockbrokers-sec/

TAX AND BUSINESS RELATED News

IMF sees P1.5 trillion collections from reformed VAT system

(The Philippine Star / Louise Maureen Simeon / April 19, 2024)

MANILA, Philippines — The government can collect at least P1.5 trillion from value-added tax (VAT) if only the long list of exemptions and relief measures are eliminated to maximize revenue gains, according to the International Monetary Fund. The IMF said that VAT is an area where there is significant scope to improve revenue collections and increase efficiency for the Philippines. The IMF is assisting the Department of Finance to assess VAT performance in the country and eventually help design a VAT reform strategy.

Click the link below to read the full news from the source:
https://www.philstar.com/business/2024/04/19/2348697/imf-sees-p15-trillion-collections-reformed-vat-system

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