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TAX

RULES & NEWS

SERIES NO. 040-2024

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Latest from BIR

- Revenue Memorandum Circulars (RMC)

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BKR
INTERNATIONAL

INDEPENDENT
MEMBER



BUREAU OF INTERNAL REVENUE

Issuances

REVENUE MEMORANDUM CIRCULAR

RMC No. 112-2024

October 15, 2024

Clarification on the guidelines on proper sale and affixture of loose documentary stamps to taxable documents under Revenue Memorandum Circular No. 92-2024.

[**FULL TEXT**](#)

TAX LAW

REPUBLIC ACT No. 12022

Official Gazette / October 2, 2024

AN ACT DEFINING THE CRIMES OF AGRICULTURAL ECONOMIC SABOTAGE, PRESCRIBING PENALTIES THEREFOR, VESTING JURISDICTION OVER SUCH OFFENSES WITH THE COURT OF TAX APPEALS, PROVIDING MECHANISMS FOR ITS IMPLEMENTATION AND ENFORCEMENT, REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 10845 OR THE "ANTI-AGRICULTURAL SMUGGLING ACT OF 2016.

<https://www.officialgazette.gov.ph/2024/09/26/republic-act-no-12022/>

REPUBLIC ACT No. 12023

Official Gazette / October 3, 2024

AN ACT AMENDING SECTIONS 105, 108, 109, 110, 113, 114, 115, 128, 236, AND 288 AND ADDING NEW SECTIONS 108-A AND 108-B OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED.

<https://www.officialgazette.gov.ph/2024/10/02/republic-act-no-12023/>

TAX AND BUSINESS RELATED

News

Tax revenues rise to P2.77 trillion in 9 months

The Philippine Star / Loise Maureen Simeon / October 12, 2024

MANILA, Philippines – The government has collected P2.77 trillion in tax revenues as of end-September, hitting a little over 70 percent of its full-year goal as it ramps up digitalization and plugging of leakages. Preliminary data released by the Department of Finance showed that tax collections from January to September reached P2.77 trillion.

Click the link below to read the full news from the source:

<https://www.philstar.com/business/2024/10/12/2391828/tax-revenues-rise-p277-trillion-9-months>

Recto says 'wealth tax' is not necessary in PHL

Business World / Beatriz Marie D. Cruz / October 14, 2024

FINANCE SECRETARY Ralph G. Recto is not in favor of a "wealth tax," saying there are already enough taxes. "I think we have a lot of wealth taxes also to a certain degree," Mr. Recto told reporters on the sidelines of an event on Oct. 8. This is after debt-watch group Freedom from Debt Coalition recently pushed for the imposition of a wealth tax on individuals whose net worth exceeds P300 million. Mr. Recto said that he is willing to study wealth tax proposals, but said these taxes could be "counterproductive." "But I'm telling you, why should you also tax those who are working hard," he said. In the Philippines, different versions of a wealth tax have been proposed in recent years but none have been approved by Congress.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/editors-picks/2024/10/14/627480/recto-says-wealth-tax-is-not-necessary-in-phl/>

TAX AND BUSINESS RELATED

News

Clarifying VAT Refund (Let's Talk Tax)

Business World / Edward L. Roguel / October 14, 2024

There have been various changes in the value-added tax (VAT) refund process these past few years, with the Bureau of Internal Revenue (BIR) continuously simplifying the requirements and procedure on VAT refund applications. Among the issuances of the BIR to streamline the guidelines and address or clarify some of the concerns of the taxpayers are Revenue Memorandum Circular (RMC) No. 71-2023, Revenue Memorandum Order (RMO) No. 23-2023, and Revenue Regulations (RR) No. 5-2024. One of the questions being asked by the taxpayers is whether the output VAT should be deducted first from the amount being claimed for a refund. Section 110(B) of the 1997 Tax Code, as amended, provides that any input tax attributable to zero-rated sales by a VAT-registered taxpayer may, at his option, be refunded or credited against other internal revenue taxes, subject to the provisions of Section 112. Hence, aside from complying with the substantiation requirements, the taxpayer claiming a VAT refund must be able to prove the input VAT is attributable to zero-rated sales. Deducting the output tax from such input VAT is not a prerequisite before the same can be allowed for refund.

Accordingly, claiming a VAT refund related to zero-rated sales, that the following are requisites, among others:

1. Both the sales and purchases are properly substantiated in accordance with Section 113 of the Tax Code.
2. The input VAT subject to refund is attributable to zero-rated sales.
3. Such input VAT was not applied or charged against the output tax during and in the succeeding quarters.

Considering that the burden of proving entitlement to a VAT refund lies with the claimant, it is incumbent upon the taxpayer-claimant to ensure that the foregoing requisites have been complied with.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/economy/2024/10/14/627800/clarifying-vat-refund/>

TAX AND BUSINESS RELATED

News

BIR revives tour program for students, educational institutions

Inquirer.Net / Anna Leah Gonzales / October 14, 2024

MANILA, Philippines — The Bureau of Internal Revenue (BIR) has relaunched a program orienting students on its role in nation-building and economic development. In a statement Monday, the BIR said Commissioner Lumagui Jr. revived the agency's Educational Tour Program for students on October 1, 2024, when the BIR National Office hosted 94 Business Administration students from the Batangas State University.

Click the link below to read the full news from the source:

<https://business.inquirer.net/484844/bir-revives-tour-program-for-students-educational-institutions#ixzz8ozPMlpqJ>

DOJ: 20% discount for PWDs extends to group orders

The Philippine Star / Daphne Galvez / October 15, 2024

MANILA, Philippines — Persons with disabilities (PWDs) are entitled to a 20 percent discount and value-added tax exemption for food purchases shared with a group, according to the Department of Justice. The DOJ clarified that while existing laws and guidelines are “silent” on group meals, the “exclusive” consumption of a PWD is a “determining factor to be considered.” “If it can be determined that it was for the exclusive use of only one person who is a PWD, for example dine-in transactions, then the 20-percent discount and VAT exemption should apply to the total amount of the food purchased,” the DOJ said in its legal opinion dated Oct. 8. Food orders should be limited only to the concerned PWD’s consumption “to safeguard establishments from abuse of this privilege,” as per Republic Act 10754 or the Act Expanding the Benefits and Privileges of PWDs. For group meals ordered online or by phone call, the senior citizen or PWD discount will be applied to the “amount corresponding to the combination of the most expensive and biggest single-serving meal with beverage served in a quick-service restaurant,” as per Memorandum Circular No. 71-2022 issued by the Bureau of Internal Revenue.

Click the link below to read the full news from the source:

<https://www.philstar.com/nation/2024/10/15/2392598/doj-20-discount-pwds-extends-group-orders>

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News

ADB considers PHL tax collection performance to be 'below potential'

Business World / Beatriz Marie D. Cruz / October 15, 2024

THE tax collection performance of the Philippines is below potential, the Asian Development Bank (ADB) said, pointing to the need for a review of tax policy. In a paper, "Digital Transformation of Multilevel Tax Policies and Administration for Resilience and Sustainable Growth," the ADB said collection performance lags the region because the Philippine tax system is poorly designed.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/economy/2024/10/15/628047/adb-considers-phl-tax-collection-performance-to-be-below-potential/>

Parañaque Treasurer's Office to accept payments for real property tax on October 19 to 20

Manila Bulletin / Jean Fernando / October 15, 2024

The Parañaque City government announced that the City Treasurer's Office (CTO) will be open on the weekends of October 19 and 20 to serve property owners who want to avail themselves of a 10 percent discount on their real property tax. Mayor Eric Olivarez said the CTO, under the supervision of Anthony Pulmano, has set the deadline for this discount on real property tax for the fourth quarter of 2024. He said the CTO will be open on Saturday from 9 a.m. to 3 p.m. and on Sunday from 8 a.m. to 12 p.m. only.

Click the link below to read the full news from the source:

<https://mb.com.ph/2024/10/15/paranaque-treasurer-s-office-to-accept-payments-for-real-property-tax-on-october-19-to-20>

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News

Delays in VAT rebates dampen net inflows of FDI to the Philippines

Business World / Justine Irish D. Tabile / October 15, 2024

THE PHILIPPINES posted the fourth-highest net inflows of foreign direct investments (FDIs) in Southeast Asia, although this may have been dampened by delays in value-added tax (VAT) rebates, according to the Association of Southeast Asian Nations (ASEAN) Investment Report 2024. The Philippines saw FDI net inflows decline by 7% to \$8.9 billion in 2023 from \$9.5 billion in 2022. Despite the drop, FDI net inflows into the Philippines were the fourth highest in terms of value among ASEAN member countries in 2023. It was behind Singapore, which posted net inflows of \$160 billion, Indonesia with \$21.6 billion and Vietnam with \$18.5 billion. However, issues related to the delays in the Philippine government's repayment of VAT refunds affected investor sentiment. "Divestment or scaling down of operations by some multinational enterprises in the face of challenges related to a VAT rebate also contributed to the declining situation," the report said. The Philippines, under Section 12 of the Tax Code, allows VAT-registered entities whose sales are zero-rated to apply for the issuance of a tax credit certificate or refund of creditable input tax. Under the law, the Bureau of Internal Revenue (BIR) commissioner shall grant a refund for creditable input taxes within 90 days. However, there was confusion over VAT exemptions and VAT zero-rating of local purchases of registered business entities due to inconsistencies between the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act and its implementing rules and regulations. The Philippine government hopes to address this issue with the proposed CREATE MORE (Maximize Opportunities for Reinvigorating the Economy), which was ratified by the Congress last month. Under CREATE MORE, the government plans to establish an enhanced VAT refund system that grants refunds of creditable input taxes within 90 days from the filing of the applications. The measure also mandates the Department of Finance to establish a VAT refund center in the BIR and the Bureau of Customs to handle the electronic processing and granting of refunds of creditable input taxes.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/editors-picks/2024/10/15/627731/delays-in-vat-rebates-dampen-net-inflows-of-fdi-to-the-philippines/>

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News

No tax for PCUP donations

Business World / Beatriz Marie D. Cruz / October 16, 2024

THE Bureau of Internal Revenue (BIR) will not tax donations made by private companies to the Presidential Commission for the Urban Poor (PCUP), it said on Wednesday. The BIR and the PCUP signed a memorandum of agreement for the tax exemptions on Sept. 10, it said.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/the-nation/2024/10/16/628430/no-tax-for-pcup-donations/>

DTI: VAT on foreign digital services to boost local creatives

Manila Bulletin / October 16, 2024

The Department of Trade and Industry (DTI) stated that the imposition of value-added tax (VAT) on digital service providers (DSPs) will promote healthy competition in the local market. In a statement on Wednesday, Oct. 16, DTI Secretary Cristina A. Roque said that this measure levels the playing field for local digital platforms by ensuring that foreign DSPs contribute their fair share of taxes. "With a more competitive landscape, we can better leverage digital technologies to innovate, expand, and thrive in the global marketplace," Roque said.

Click the link below to read the full news from the source:

<https://mb.com.ph/2024/10/16/vat-on-foreign-digital-services-to-boost-local-creatives>

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News

Congress urged to pass measure imposing margin-based taxes, royalties for mining firms

Philstar.com / Dominique Nicole Flores / October 16, 2024

MANILA, Philippines — President Ferdinand Marcos Jr. urged Congress on Wednesday, October 16, to pass the proposed legislation rationalizing the taxation and revenue collection from mining operations in the country. Marcos said the Rationalization and Mining Fiscal Regime will create a “fair and equitable mining environment.” The president also mentioned the country’s need to produce sufficient minerals to develop technology that will support the national transition to renewable energy. Windfall profits tax – On top of the royalties, lawmakers are proposing to impose windfall profits tax on the income earned from metallic mining operations. Windfall profits refer to the revenue generated out of unexpected circumstances. If a mining operation earns 35% to 40% of the market value of minerals produced, only 1% of the income will be taxed.

Click the link below to read the full news from the source:

<https://www.philstar.com/headlines/2024/10/16/2392975/congress-urged-pass-measure-imposing-margin-based-taxes-royalties-mining-firms>

Freight, cross-border services taxes seen deterring investors

Business World / Justine Irish D. Tabile / October 17, 2024

THE imposition of taxes on freight and services rendered overseas could potentially push investors away from the Philippines, a global logistics company said. At the German-Philippine Chamber of Commerce and Industry Forum on Tuesday, Michael Kurt Raeuber, chairman and group chief executive officer of Royal Cargo, said companies have concerns about the recent changes in tax rules. “There’s one direction that would actually put a tax on freight. This is something China has tried unsuccessfully. They gave it up after a few months because the transactions on freight did not then happen anywhere in China but abroad,” he said. “The other one is ... based on the recent change in regulations (involving) the withholding 25% plus value-added tax (VAT) of 12% from the income of these people working for us abroad,” he added. He said that the Philippines should not impose taxes on freight, as the Philippine law clearly states that taxes should be collected on income and not costs.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/economy/2024/10/17/628928/freight-cross-border-services-taxes-seen-deterring-investors/>

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News

VAT meets the Cloud: RA 12023 redefines the digital economy in the Philippines

Business World / Jill Eileen P. Cabais / October 17, 2024

The Filipinos' growing reliance on online platforms has driven massive growth in the Philippine digital economy. This is evident in the 7.7% increase in the gross value added to the country's Gross Domestic Product (GDP). More Filipinos now engage with digital services, such as streaming, e-commerce, and online banking. Platforms like Netflix, Lazada, and GCash are now integral to their daily lives, making digital services a lifeline for education, work, and retail. The COVID-19 pandemic only accelerated this trend. With this surge in digital services, the Government found the opportunity to raise tax revenues. It was also necessary to provide similar treatment between local and foreign-based digital service providers. These laid the foundation for the enactment of RA 12023 imposing VAT on digital services. It stands as a significant response to the evolving digital landscape. Digital giants like Netflix, Amazon, and Google are now subject to VAT on their services. The law describes them as service providers through the "Internet or other electronic networks with the use of information technology and where the supply of the service is essentially automated." Online educational services are not covered provided they are accredited by the Department of Education, the Commission on Higher Education, or the Technical Education and Skills Development Authority. Banks and non-bank financial intermediaries remain exempt from VAT even on their online services.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/opinion/2024/10/16/627940/vat-meets-the-cloud-ra-12023-redefines-the-digital-economy-in-the-philippines/>

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News

SEC files complaint vs ukay-ukay supplier for investment activities

Business World / Revin Mikhael D. Ochave / October 17, 2024

THE Securities and Exchange Commission (SEC) has filed a criminal complaint against Bulacan Ukay Ukay Direct Supplier for allegedly offering investments to the public. The entity has allegedly violated Sections 8, 26, and 28 of Republic Act (RA) No. 8799, or the Securities Regulation Code (SRC), in relation to relevant provisions of RA No. 10175, or the Cybercrime Prevention Act; RA No. 11765, or the Financial Products and Services Consumer Protection Act (FCPA); and RA No. 9160, or the Anti-Money Laundering Act (AMLA), the commission said in an e-mailed statement on Wednesday. The complaint was filed with the Justice department on Oct. 10. According to the SEC, the complaint was filed after an entrapment operation by the Philippine National Police Anti-Fraud and Commercial Crimes Unit and the SEC Enforcement and Investor Protection Department (EIPD) in Guiguinto, Bulacan on Oct. 9.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/corporate/2024/10/17/628418/sec-files-complaint-vs-ukay-ukay-supplier-for-investment-activities/>

BIR flares up at vape industry for persistent tax defiance

Manila Bulletin / Jun Ramirez / October 17, 2024

TTThe Bureau of Internal Revenue (BIR) has vowed to take a more aggressive stance against the illicit vape industry, which has repeatedly flouted tax regulations. In a statement, BIR Commissioner Romeo D. Lumagui Jr. expressed frustration over the continued proliferation of illicit vapes despite repeated warnings and efforts to enforce compliance. "The illicit vape industry has been repeatedly warned to comply with BIR regulations. Despite multiple chances, they refuse to follow the law," Lumagui said. The BIR has deployed teams to investigate and apprehend individuals and businesses involved in the illegal vape trade. "Expect regular raids. Expect criminal cases," Lumagui warned.

Click the link below to read the full news from the source:

<https://mb.com.ph/2024/10/17/tax-defiant-vape-retailers-face-bir-s-wrath>

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News

BSP seen to continue easing cycle

Business World / Luisa Jacinta C. Jocson / October 18, 2024

THE DOOR is now wide open for the Bangko Sentral ng Pilipinas (BSP) to continue its rate-cutting cycle although at a gradual pace, analysts said. "With luck coming into play, the door for the BSP to hasten its easing cycle has swung wide open," HSBC economist for ASEAN (Association of Southeast Asian Nations) Aris D. Dacanay said in a report. **RATE CUT IN DECEMBER** - Analysts expect the BSP to deliver another 25-bp rate cut in December, in line with the central bank's own signals. **RISKS** - BPI's Mr. Neri also sees the policy rate ending at 5.75% by end-2024, but warned of risks that could change this outlook. "However, this outlook may evolve depending on what happens now until then, especially abroad. Recent developments have shown how economic data can surprise the markets and quickly lead to a shift in sentiment," he said.

Click the link below to read the full news from the source:

<https://www.bworldonline.com/top-stories/2024/10/18/628915/bsp-seen-to-continue-easing-cycle/>

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