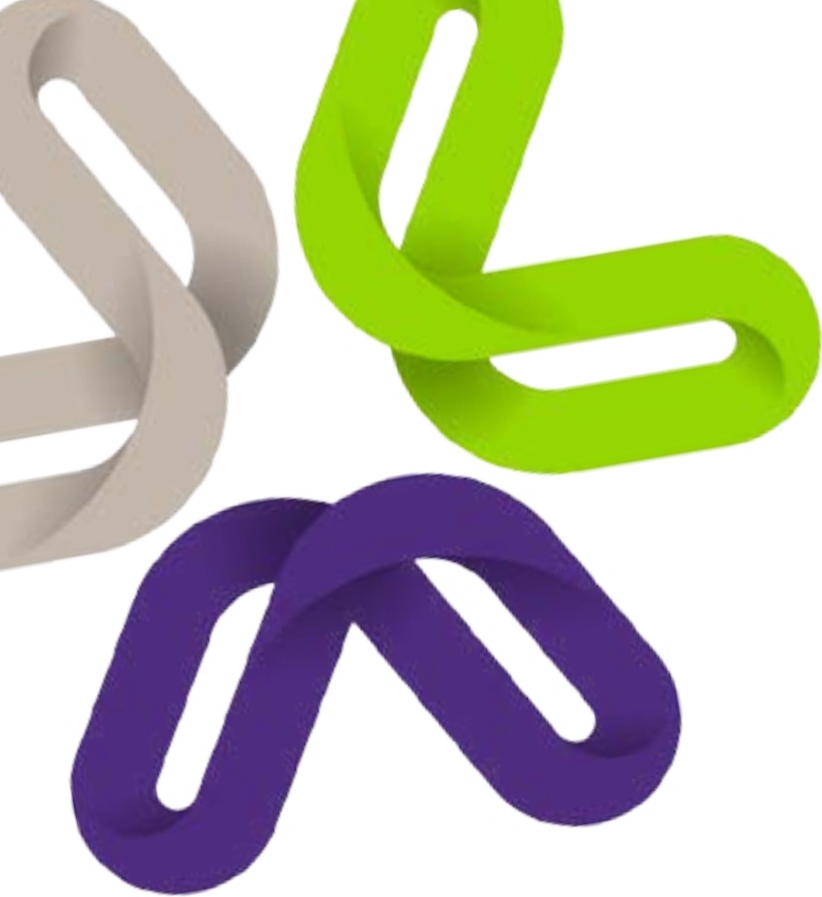




# **Tax brief**

**June 2018**





#### **BIR ISSUANCES**

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Type of paper and additional information required on CRM/POS machines or other invoice/receipt generating machines

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# BIR Issuances

## Type of paper and additional information required on CRM/POS machines or other invoice/receipt generating machines

*(Revenue Regulations No. 16-2018, May 25, 2018)*

From the previous requirement to use non-thermal paper only, all taxpayers using CRM/POS machines or other invoice/receipt generating machine/software shall now have the option to use the type of paper required in their business, provided the 10-year period for retention and preservation of accounting records shall still be complied.

In addition, the information required to be printed on the tape receipt now includes the serial number of the CRM/PoS machine.

In lieu of the tape receipt, the buyers/customers who maybe needing proof of such payment to be able to claim for expense (for income tax purposes) or input tax (for VAT purposes), may request for issuance of a manual invoice or receipt. Whenever so requested by the buyer/ customer, the seller shall issue the manual receipt/invoice, whichever is applicable, to replace the previously issued tape receipt. Sales generated from CRM / POS machines where tape receipts issued were replaced by manual invoice/ receipt shall be deducted from the sales to be reported in the

eSALES system of the BIR. This deduction shall be reflected as an adjustment in the CRM Sales Book/Back end report. The returned tape receipt shall be attached to the duplicate copy of the manually issued invoice/receipt and shall be the basis in adjusting the sales. However, the sales that were replaced with manual invoice/ receipt shall still be included but separately indicated in the Summary List of Sales (SLS) required to be submitted by VAT registered taxpayers.

## Revised list of documentary requirements for new business registrants

*(Revenue Memorandum Circular No. 30-2018, May 3, 2018)*

In line with the Data Privacy Act of 2012 and in compliance with the Ease of Doing Business the documentary requirements for new business registrants was revised. Below are the changes on the list of documents required upon registration:

1. Removal of Books of Account in securing a Certificate of Registration (COR) and Authority to Print (ATP).

The new business registrants shall register its books of accounts within thirty (30) calendar days from the date of business registration. Failure to

register such within the prescribed period shall be subject to penalties pursuant to existing revenue issuances.

2. In case of an authorized representative who will transact with the Bureau in behalf of the taxpayer, the following shall be required:

- a. For Individual
  - i. Special Power of Attorney (SPA); and
  - ii. Identification Card (ID) of the authorized person.
- b. For Non-Individual
  - i. Board Resolution indicating the name of the authorized representative;
  - ii. Secretary's Certificate; and
  - iii. ID of the authorized person.



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# BIR Issuances

## Extended validity date of Certificate of Accreditation issued to Developers/Dealers/suppliers/ Vendors/Pseudo-suppliers of CRM, Pos Machines and/or other Sales Machine/Receipting Software

*(Revenue Memorandum Circular No. 36-2018, May 21, 2018)*

All developers/ dealers/ suppliers/ vendors/ pseudo-suppliers of CRM, POS and/or other Sales Machines/ Receipting Software with valid Certificate of Accreditation issued on or before July 31, 2013 and issued on August 1, 2013 to July 31, 2014 shall now be valid until July 31, 2020. Previously, these are valid only until July 31, 2018 and July 31, 2019, respectively. All Certificates of Accreditation issued on August 1, 2015 and onwards shall still follow the five-year validity period based on actual Date of Issuance.

## New daily minimum wage rates in Region XII and Region IV-A

*(Revenue Memorandum Circular Nos. 37-2018 and 44-2018, May 23, 2018 and June 5, 2018)*

Pursuant to recently issued wage orders, below are the new minimum wage rates in Region XII and Region IV-A:

Region XII (Wage Order No. RB XII-20)

Sector/ Industry	Previous Minimum Wage Rates	Increase	New Minimum Wage Rates
Non-Agriculture	P 295.00	P 16.00	P 311.00
Agriculture/ Retail/ Service Establishment	P 272.00	P 18.00	P 290.00

Region IV-A (Wage Order No. RB IVA-18)

Covered Areas	Adjustment	New Minimum Wage Rate
Areas currently receiving P378.50	P21.50	P400.00
Areas currently receiving P356.50 and P302.50	P14.00 to P16.50	P373.00 to P317.00
Areas currently receiving P283.00	P20.00	P303.00

Under the current rules, minimum wage earners are exempt from the payment of income tax on their statutory minimum wage rates, holiday pay, overtime pay, night shift differential and hazard pay. They shall be subject to income tax only on their other taxable income.

## Disposal of goods intended for sale or use in business of a de-registered VAT taxpayer

*(Revenue Memorandum Circular No. 39-2018, May 24, 2018)*

Pursuant to the RA 10963 (TRAIN Law), the VAT threshold was increased to P 3,000,000. Taxpayers who are previously VAT registered and whose gross sales/ receipts in the preceding year did not exceed P3,000,000 have the option to update their registration from VAT to Non-VAT.

Thus, the BIR reiterated the current rule on the imposition of value-added tax on goods disposed of or existing as of the date of change in or cessation of status of a person as VAT registered taxpayer. The BIR emphasized that goods or properties originally intended for sale or use in business, including capital goods, disposed of or existing as of the date of change of status are subject to VAT. Thus, the taxpayer is required to file quarterly VAT return and pay the corresponding VAT due thereon.

## Issuance of TIN to Corporations and Partnerships

*(Revenue Memorandum Circular No. 41-2018, May 24, 2018)*

A corporation shall exist for a period of not more than 50 years from the date of incor-



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poration unless sooner dissolved or unless said period is extended.

In line with this rule on corporate term, the following rules on the issuance of TIN to corporations/partnerships are clarified:

- Corporation with an extended corporate life shall not to be issued a new TIN being still the same entity. However, the corporation shall update its registration record by submitting BIR Form No. 1905, attaching a copy of the newly issued SEC Certificate of Registration (COR) and the Amended Articles of Incorporation bearing the same name as proof of its corporate life extension.
- Corporation whose corporate terms have lapsed without being renewed or extended shall be issued a new TIN once re-registered with SEC. Though the corporation may have the same corporate name as reflected in the SEC COR, said corporation is a new corporation bearing a new SEC registration number.

The old TIN of the “old” corporation shall be used in the process of liquidation/winding up of the said “old” corporation. The new

TIN shall be used by the “new” corporation in its future transactions. In case the “old” corporation is classified as a Large Taxpayer (LT), the registration of the “new” corporation shall be made also with the LT division where the “old” corporation is registered.

- In mergers, the surviving corporation shall retain its TIN while the TIN of the merged corporation shall be cancelled.
- A corporation or partnership that has been issued a second or new SEC COR to correct typographical errors (Corporate Name errors. etc.) shall not be issued a new TIN but the corporation/partnership shall update its registration with the BIR to update the corrected name.

### **Suspension of UEE date entry module in filing of BIR Form 2305 and 2305 Batch Validation File**

*(Revenue Memorandum Circular No. 42-2018, May 25, 2018)*

Under the TRAIN Law, deduction for personal and additional exemptions for individual taxpayers have been repealed

effective January 1, 2018. Thus, taxpayers with dependents are no longer required to update their registration for additional exemptions.

Pursuant to this, electronic filing of BIR Form 2305 is no longer required. Update on employee registration for change in registered name or employer shall now be filed manually.

### **Availment of 8% income tax rate option for self-employed individuals**

*(Revenue Memorandum Order No. 23-2018, May 21, 2018)*

Pursuant to TRAIN Law as implemented by RR No. 08-2018, a self-employed individual/professional whose gross sales/receipts and other income does not exceed P3M shall have the option on an annual basis to pay 8% income tax, in lieu of the graduated income tax and percentage tax.

New business registrant shall elect the 8% income tax rate upon its registration using BIR form No. 1901 and/or 1701Q, or on its initial quarter return (BIR Form No. 2551Q and/or 1701Q) of the taxable year after the commencement of a new business/practice of profession. Existing individual business taxpayers may do so by filing BIR form 1905 (Application for Registration Information Update) with the COR at the



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beginning of the taxable year, or 1st Quarterly Percentage Tax Return and/or 1st Quarterly Income Tax Return. Graduated income tax rates shall apply for non-election as prescribed above.

Qualified taxpayers who availed of the 8% option are required to:

- a. File Quarterly Income Tax Return, unless exempted by any revenue issuances:
- b. File Annual Income Tax Return (FS is not required to be attached)
- c. Signify the intention to avail the 8% income tax rate every taxable year
- d. Maintain books of accounts and issue receipt/invoices.

# Highlight on P&A Grant Thornton services

## Tax Rulings

We prepare and file, for and on behalf of our clients, requests for rulings to confirm the proper tax treatment of certain business structures and transactions. Requests for rulings are generally required in the case of tax-free exchange of assets for shares of stock; application of preferential rates of withholding taxes on income payments to nonresident aliens and foreign corporations pursuant to tax treaties; entitlement to tax exemption under Section 30 of the Tax Code; and other transactions whose tax treatment is not clearly provided in the Tax Code, implementing regulations, or other issuance of the BIR or the Department of Finance (DOF).



If you would like to know more about our services

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