

# Ease of Paying Taxes (EOPT) Act

Republic Act No. 11976

## General Update

### Before EOPT

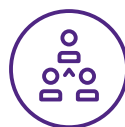
#### Classification:

- Large Taxpayers - gross sales of at least P1B
- Non-Large Taxpayers

Penalties: applicable to all taxpayers, regardless of classification

Authorized Agent Banks (AAB), Revenue District Office (RDO), Duly Authorized Treasurer of the city or municipality having jurisdiction over the location of the principal office

Surcharge on wrong venue filing - **25% of basic tax due**



**Taxpayer Classification**  
(Sec. 21)



**Venue of Filing and Payment**  
(Sec. 22, 51, 77, 81, 90, 91, 103, 114, 128, 200, 245)

## Income Tax

Expenses shall be allowed as a deduction only if it is shown that the tax required to be deducted and withheld therefrom has been paid to the BIR



**Requirement for Deductibility of Certain Payments/Expenses**  
(Sec. 34 (K))

### EOPT

Group	Gross Sales
Micro	< 3M
Small	3M ≥ 20M
Medium	20M ≥ 1B
Large	1B and above

#### Micro and Small Taxpayers

- Reduced civil penalties (10% surcharge; 6% interest; P500 penalty for failure to file certain information returns; 50% of compromise penalty on violations on invoicing/printing of invoices)
- 2-page Income tax return
- Veto: exemption from withholding tax obligation

**Any** AAB, RDO through RCO, authorized tax software provider

Surcharge on wrong venue filing - **removed**

Repealed

No period provided



**Refund of excess income tax paid in case of dissolution or cessation of business (Sec. 76)**

Application and decision by the BIR must be made within two years from cessation of business

## Withholding Tax

Income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever is applicable, in the payor's books, whichever comes first



**Timing of Withholding (Sec. 58)**

The obligation to withhold arises at the time the income has become payable.

## Value-Added Tax

Gross Receipts



**VAT Base for sale of services (Sec. 108)**

### Gross Sales

- Includes contract price, service fees, or its equivalent, including the amount charged for materials supplied with the services rendered
- Services has already been rendered; use of lease of properties have already been supplied
- Excludes amounts earmarked for payment to third party, reimbursements not benefiting the seller for payments made on another's behalf
- For long-term contracts for a period of one year or more, the invoice shall be issued on the month in which the service, use or lease of properties is rendered.

No provision



**Output VAT on Uncollected Receivables (Sec. 110)**

A seller of goods or services may deduct the output VAT on uncollected receivables on the next quarter after the lapse of the agreed period to pay subject to the following conditions:

1. The seller fully paid the VAT on the transaction
2. VAT component of the uncollected receivable has not been claimed as deductible bad debts from gross income

\*In case of recovery of uncollected receivables, VAT shall be remitted during the period of recovery.

- i. For every sale of goods or properties - Sales Invoice
- ii. For every sale of services, use or lease of properties - Official Receipts
- iii. Business Style of the purchaser is required



### VAT Invoicing Requirements (Sec. 113)

- i. For every sale of goods, properties, services, use or lease of properties - Sales Invoice
- ii. Business Style is not required
- iii. Input VAT on Sales Invoice with lacking information can still be claimed provided the lacking information do not pertain to the following:
  - a. amount of sales
  - b. amount of VAT
  - c. Name and TIN of both buyer and seller
  - d. description or nature of goods or services
  - e. date of transaction

Local purchase of goods - Upon accrual and supported by sales invoice

Local purchase of services - Upon payment and supported by official receipt



### Substantiation and Timing of Input VAT (Sec. 110)

Local purchase of goods and services - upon accrual and supported by sales invoice

Gross annual sales and/or receipts which do not exceed the amount of 3M is exempt from VAT.



### VAT Exempt transactions (Sec. 109)

The threshold of 3M shall be adjusted to its present values using the consumer price index, as published by the PSA every three years.

- Classification of Claims: None; all claims are subject to mandatory audit
- Appeal to CTA within 30 days from receipt of decision denying the claim



### VAT Refund claims (Sec. 112)

- Classification of Claims
- Low risk, medium risk, high risk based on amount of claim, tax compliance history, frequency of filing of claim, among others
  - Medium and high risk shall be subject to audit or verification process by the BIR

Appeal to CTA within 30 days from (a) receipt of decision denying the claim OR (b) after the lapse of the 90 day period for the BIR to act on the claim

In case of disallowance by the Commission on Audit, only the taxpayer shall be liable for the disallowed amount without prejudice to any administrative liability on the part of any employee of the BIR who may be found to be grossly negligent in the grant of refund



### Transitory Clause

### Section 48 EOPT

Taxpayers are given 6 months from the effectivity of the implementing revenue regulations to comply with the amendments on the VAT and Other percentage taxes

## Other percentage tax

- i. Persons exempt from VAT - gross sales or receipts
- ii. Domestic Carriers Keeper of Garage - Gross receipts
- iii. International Carriers - gross receipts
- iv. Franchises - gross receipts
- v. Tax on Overseas Dispatch, Message or Conversation Originating from the Philippines - on the amount paid for services



**Tax Base**  
(Sec. 116, 117, 118,  
119, 120, 128)

- i. Persons exempt from VAT - gross sales
- ii. Domestic Carriers Keeper of Garage - Gross sales
- iii. International carriers - gross sales
- iv. Franchise - gross sales
- v. Tax on Overseas Dispatch, Message or Conversation Originating from the Philippines - on the amount billed for services



**Transitory Clause**

### Section 48 EOPT

Taxpayers are given 6 months from the effectivity of the implementing revenue regulations to comply with the amendments on the VAT and Other percentage taxes

## Remedies

Period for the BIR to act on the application: None

Filing of Appeal with CTA: within two years from payment of tax or penalty



**Refund of Erroneously Paid Taxes/ Penalties**  
(Sec. 204, 229)

Filing of the claim for refund with BIR: Within two years after the payment of tax or penalty

Period for the BIR to act on the application: within 180 days from submission of complete documents

Filing of Appeal with CTA: two-year period removed; appeal must be filed within 30 days from receipt of denial or lapse of 180-day period

# Compliance Requirements/Administrative Provisions

Book of accounts shall be preserved for a period beginning from the last entry in each book until the last day within which the Commissioner is authorized to make an assessment. **10 years** under RR No. 17-13.



**Preservation of Books of Accounts and other accounting records (Sec. 235)**

Book of accounts shall be preserved for a period of **5 years** reckoned from the day following the deadline in filing a return, or if filed after the deadline, from the date of the filing of the return, for the taxable year when the last entry was made in the book of accounts.

Annual registration fee of 500 pesos shall be paid for every separate or distinct establishment or place of business, including facility types where sales transactions occur, upon registration and every year thereafter on or before January 31



**Annual Registration Fee (Sec. 236 B)**

Requirement to pay annual registration fee was removed.

Threshold: One hundred pesos (P100.00)  
Provision for Adjustment of Threshold: None



**Issuance of Invoice (Sec. 237)**

Threshold: Five hundred pesos (P500.00)  
Generally, one invoice for each sale  
If the transaction is below P500, the seller will issue one invoice for the aggregate sales amount at the end of the day if the aggregate sales is at least P500;  
VAT registered taxpayers shall issue registered VAT invoice regardless of amount  
Provision for Adjustment of Threshold: Every three years using the consumer price index, as published by the PSA

Written application



**Cancellation of VAT Registration Sec. 236 (E) (2)**

Written or electronic application

# Compliance Requirements/Administrative Provisions

Requires BIR approval



**Transfer  
Cancellation of  
Registration  
(Sec. 236 (C)  
and (E) (1))**

- Transferred by mere filing of application
- If taxpayer is being audited, the RDO which initiated the audit shall continue the same
- Cancelled by mere filing of application; BIR not precluded from auditing to determine any tax liability

No provision.



**Digitalization of  
Bureau of Internal  
Revenue Services**

## Sections 43 and 44 EOPT

Implementation of an integrated, automated system for basic tax services, including registration, TIN issuance and validation, filing returns, and payment of taxes; and the establishment of an electronic and online systems for secure data exchange, streamline procedures, and enhance technology capabilities including data centers, repositories, and encryption systems.

No provision



**Publication of  
Information  
(Sec 245 (i))**

The BIR may publish using any electronic means of publication in the Official Gazette, or BIR website

Follow our social media accounts:



**P&A Grant Thornton**

For more information you can visit our website  
<https://www.grantthornton.com.ph/>