

Tax brief

February 2017

BIR Issuances

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BIR Issuance



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Resumed processing of VAT claims filed before RMC 54-2014

(Revenue Regulations No. 1- 2017, January 18, 2016)

RMC 54-2014 required that application for VAT refund should already be accompanied with complete supporting documents. Applications with incomplete documents shall be automatically denied. The RMC was made applicable to applications which have been filed prior to the issuance. Upon effectivity of RMC 54-2014, pending claims which are still in the process of submission of documents were already deemed denied.

In a December 2016 decision, the Supreme Court ruled that the RMC cannot be given retroactive effect.

Hence, in compliance with the SC decision, the BIR will continue to process the administrative claims that are deemed officially filed prior to the issuance of RMC 54- 2014. Officially filed claims are those with complete documents submitted as support so that processing and counting of the 120-day can start. If no additional documents are submitted after filing, the claim will be processed based on available documents and the 120-day period shall

be counted therefrom. Completion of documents for submission should be done before the expiration of the statutory two-year period.

In previous RMC 49-2003, taxpayer/claimant is given 30 days upon filing of the refund application to complete the submission of documents. It is only upon complete submission of documents that the 120-day period would begin to run.

The following are not covered by this RR:

1. Those filed beyond the 2-year prescriptive period
2. Those already denied in writing
3. Those partially or fully approved
4. Those already appealed at the CTA

Guidelines in generating, extracting and transmitting of eFPS mandated taxpayers' reports

(Revenue Memorandum Order No. 1- 2017, December 5, 2016)

The RMO prescribes the policies and procedures for the generation, extraction and distribution of reports on taxpayers mandated to use the eFPS for purposes of monitoring their compliance by the offices under the Operations Group and the Large Taxpayers Service (LTS).

The concerned offices, procedures and guidelines in the generation, extraction and distribution of reports are detailed in the RMO. These cover the following reports:

- a. Compliance report of eFPS mandated taxpayers' statistics (Annex A-1) and Detailed List (Annex A-2)
- b. List of eFPS Mandated Taxpayers who never eFiled (Annex B)
- c. List of eFPS Mandated Taxpayers not enrolled (Annex C)
- d. Summary statistics of eFPS mandated taxpayers who never eFiled
- e. Summary statistics of eFPS mandated taxpayers who never enrolled



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Implementation of the unitary cigarette excise tax

(Revenue Memorandum Circular No. 1-2017, December 22, 2016)

Starting January 1, 2017, all removals/withdrawals/importations of cigarettes, whether packed by hand or by machine, shall be subject to the unitary excise tax rate of Php 30.00

The classification of the internal revenue stamps shall be reduced from 6 to 3 and identified through the following colors:

- Domestic : Pink
- Imported : Orange
- Export : Green

Inventory count of all unused/unissued/unaffixed internal revenue stamps in the possession of cigarette manufacturers/importers and exporters as of Dec. 31, 2016 shall be conducted by the Excise LT Field Operations Division (ELTFOD). Differential excise tax due shall be paid using the old internal revenue stamps through eFPS using BIR Form No. 2200- T.

New daily minimum wage rates in Region XI

(Revenue Memorandum Circular No. 2-2016, December 27, 2016)

The new minimum wage rates in Region XI have been circularized, as follows:

Sector/Industry	Under wage order No. RB XI- B			Upon effectivity of wage order no. RB XI-19			Effective May 1, 2017
	Basic	COLA	MWR	Basic	COLA	MWR	MWR
Non-Agricultural/ Industrial/ Commercial and Retail/ Service Employing more than 10 Worker	312.00	5.00	317.00	335.00	5.00	340.00	340.00
AGRICULTURE	302.00	5.00	307.00	330.00	5.00	335.00	340.00
RETAIL/SERVICE employing not more than 10 workers	281.00	5.00	286.00	310.00	5.00	315.00	325.00



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Unacceptable checks from various rural banks

(Revenue Memorandum Circular Nos. 3, 4 and 6-2017, December 22, 2016)

All concerned are advised not to accept checks, as well as taxpayer's checks drawn from the following banks in payment of internal revenue taxes.

- a. Community Rural Bank of Magallon (Moises Padilla, Negros Occidental), Inc. with office address at Gomez St., Moises Padilla, Negros Occidental
- b. Rural Bank of Salinas, Inc. with office address at Marseilla St. Brgy. Muzon, Rosario, Cavite
- c. Xavier-Tibod Bank, Inc. (A Microfinance Rural Bank) with office address at Pabayo St., Divisoria, Cagayan de Oro City

These banks are prohibited from doing business in the Philippines and have been placed under receivership with PDIC as the designated Receiver

BIR priority program 2017

(Revenue Memorandum Circular No. 5-2017, December 22, 2016)

The Bureau of Internal Revenue has published its 2017 Priority Programs to address the Bureau's principal objectives of attaining its collection target, improving taxpayer satisfaction, and protecting revenues/recapturing public trust. The BIR is tasked to collect P 1.892 Trillion, equivalent to 79% of the National Government's total projected tax revenues of P 2.313 Trillion for the year 2017.

The priority programs are listed below under each principal objective.

1. Attain collection target
 - 1.1 Comprehensive Taxpayer Profiling and industry Benchmarking
 - 1.2 Oplan Kandado Program
 - 1.3 Updating of Schedules of Zonal Value
 - 1.4 Broadening of the Tax Base
 - 1.5 Implementation of Centralized Arrears Management in Regional Offices
 - 1.6 Run After Tax Evaders (RATE) Program
 - 1.7 Exchange of Information (EOI) – Foreign Account Tax Compliance Act (FATCA)
 - 1.8 Expansion of Compromise Settlement Program (LTS audit case)
2. Improve taxpayer satisfaction
 - 2.1 Review of Revenue Issuances

- 2.2 Review of Tax Rulings
- 2.3 TP Segmentation (Large, Medium, Small)
- 2.4 Simplification of tax forms
- 2.5 Expansion of eFPS Facilities through eBIR Forms
- 2.6. Additional Options/Facilities for Payment of Taxes
- 2.7 Development of Tax Clearance Processing System
- 2.8 Enhancement of Electronic Registration System
- 2.9 Electronic Tax Information System (eTIS)
- 2.10 In-house enhancement of Electronic Certificate Authorizing Registration (eCAR) System
- 2.11 Geographical Information Systems (GIS)
- 2.12 Enhancement of Electronic Official Registry Book (eORB)
- 2.13 Internal Revenue Stamps Integrated System (IRSIS) for Alcohol Products-Distilled Spirits
3. Protect revenues and recapture public trust
 - 3.1 Integrity Management Program (IMP)
 - 3.2 Revalidation/ Audit of Tax assessment
 - 3.3 Salary Standardization Law
 - 3.4 Expedite recruitment of personnel
 - 3.5 Use of Case Monitoring System (CMS)/ eLAMS



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VAT treatment of Japanese contractors of OECF-funded projects

(Revenue Memorandum Circular No. 8-2017, January 9, 2016)

Under the exchange of notes between the Philippines and Japan on Overseas Economic Cooperation Fund (OECF)-funded projects, all taxes associated with the project shall be assumed by the executing government agencies. This shall be implemented as follows:

1. Japanese contractors shall bill and pass on the 12% VAT to the government agency. Government agency pays the 12% VAT from its own funds, not from the project funds.
2. Suppliers and subcontractors of the Japanese contractors shall also pass on the 12% VAT to the Japanese contractors. Japanese contractor recognizes input VAT.
3. Japanese contractor shall file VAT returns and pay the 12% VAT less the input VAT credits from purchases.

In RMC 45- 2015 which was amended, the Japanese contractor does not charge 12% VAT on the government agency. The government agency, on the other hand, remits to BIR, from its own funds, the 5%

withholding VAT.

Bookkeeping requirements of NGAs, GAIs, and GOCCs

(Revenue Memorandum Circular No. 10-2017, January 19, 2017)

National Government Agencies (NGAs), Government Agencies and Instrumentalities (GAIs) and Government-Owned and-Controlled Corporation (GOCCs) fall under the term “corporation” created by special law or charter as defined under Section 4 of The Corporation of the Philippines (Batas Pambansa 68). Hence, NGAs, GAIs and GOCCs vested with functions relating to public needs, whether governmental or proprietary in nature, are required to register and keep their books of accounts as prescribed under Section 232 (a) of the National Internal Revenue Code (NIRC).

Corporations using the Commission on Audit (COA)-developed Electronic New Government Accounting System (eNGAS) are not required to apply for its permit to use said system. The said corporations, however, shall submit the eNGAS in electronic format.

Those corporations using computerized accounting system and/or components

thereof other than eNGAS are required to apply for permit to use such systems and shall submit and register the same in electronic format.

Submission is to the RDO having jurisdiction over the principal place of business or to the LTAD/ELTRD/LTD-Cebu/LTD-Davao where the head office is duly registered within 30-days from the close of each taxable year or within 30-days upon the termination of its use.



Highlight on P&A Grant Thornton services

Dissolution

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If you would like to know more about our services

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