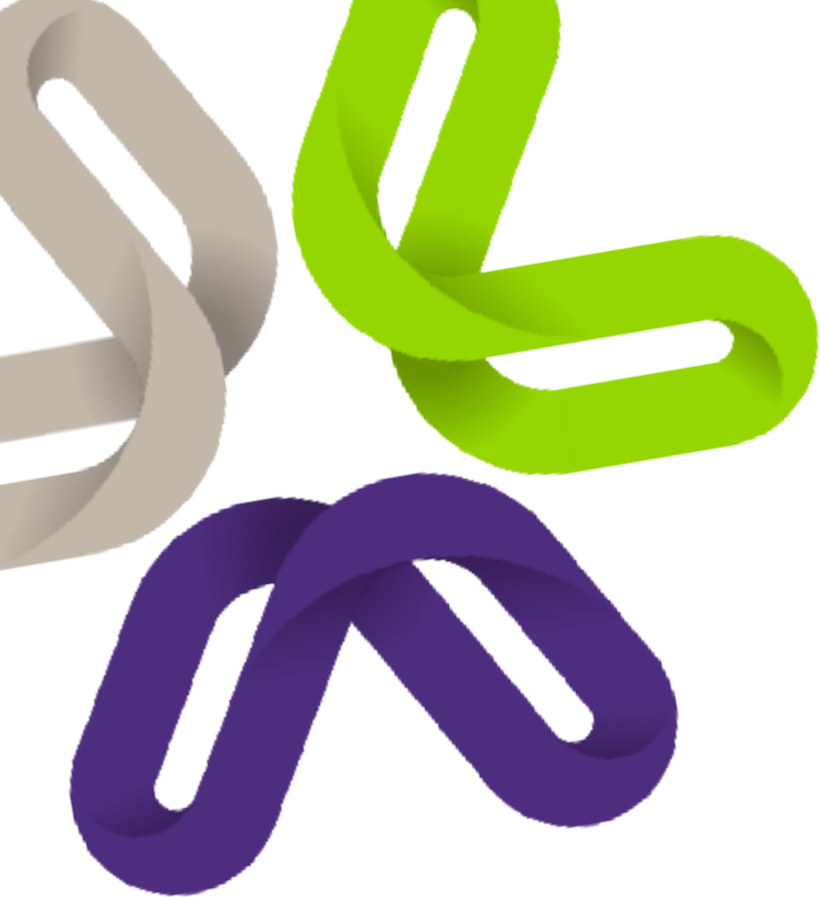




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Tax *brief*

July 2020



BIR ISSUANCES

RR No. 15-2020 and
RMC 117-2019
RR No. 16-2020

RMC No. 56-2020
RMC No. 57-2020
RMC No. 58-2020
RMC No. 59-2020

RMC No. 60-2020
RMC No. 62-2020

RMC No. 64-2020
RMC No. 65-2020
Bank Bulletin No.
2020-08

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Further extension on the deadline for filing of VAT refund claims; 90-day processing period suspended in areas still under ECQ and MECQ

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Association dues collected by condominium operators are not subject to taxes



BIR Issuances

Availment of Tax Amnesty on Delinquencies extended until December 31, 2020

(Revenue Regulations No. 15-2020 and Revenue Memorandum Circular No. 61-2020, issued on June 19, 2020 and June 15, 2020, respectively)

Taxpayers, with internal revenue tax liabilities covering taxable year 2017 and prior years, may avail of Tax Amnesty of Delinquencies until December 31, 2020.

To expedite the process of availing the tax amnesty, the following timelines were prescribed:

1. Issuance of Certificate of Delinquencies/ Tax Liabilities – Three (3) working days from the date of the request.
2. Endorsement of duly accomplished Tax Amnesty Return and Acceptance Payment Form – One (1) working day from receipt of complete documents.

The availment of Tax Amnesty on Delinquencies shall be considered fully complied with upon completion of all the steps on or before December 31, 2020.

The extension was made pursuant to Republic Act No. 11213 or The Bayanihan to Heal as One Act, which directed government offices to suspend deadlines for the duration of the community quarantine.

Further extension on the deadline for filing of VAT refund claims; 90-day processing period suspended in areas still under ECQ and MECQ

(Revenue Regulations No. 16-2020 issued on June 19, 2020)

RMC 16-2020 further extends due dates for filing of VAT refund claims covering taxable quarters affected by the implementation of the enhanced community quarantine (ECQ) and suspension of the 90-day processing period due to the spread of the pandemic.

Application for VAT refund claims covering the following taxable quarters shall be due on the following dates:

- Calendar quarter ending March 31, 2018: July 15, 2020
- Fiscal quarter ending April 30, 2018: July 31, 2020
- Fiscal quarter ending May 31, 2018: August 15, 2020
- Calendar quarter ending June 30, 2018: August 31, 2020

For areas not yet under general community quarantine (GCQ), the deadline shall be 30 days from the lifting of the enhanced community quarantine (ECQ) or modified enhanced community quarantine (MECQ) or the above stated deadlines, whichever comes later.

The 90-day processing period of VAT refund claims is suspended in areas still under ECQ or MECQ.

Rules on the acceptance of tax payments until June 14, 2020

(Revenue Memorandum Circular No. 56-2020, issued on June 02, 2020)

eFPS Taxpayers shall continue to file through the system and settle tax liabilities with the AABs where they are enrolled.

Taxpayers not mandated to file and pay electronically may use the eBIRForms facility or to file their tax returns manually. Filing of no payment returns shall be made through eBIRForms facility. In case of unavailability of internet connection to electronically file such returns or unavailability of the Bureau's electronic filing facilities, taxpayers shall manually file the returns to the nearest RDO.

During this period until June 14, 2020, taxpayers may:

- Pay internal revenue taxes at the nearest Authorized Agent Banks (AABs) regardless of Revenue District Office (RDO) jurisdiction.
- File the return and pay the corresponding tax to the Revenue Collection Officer (RCO) of the nearest RDO, even in areas where there are AABs.
- Pay the tax in cash not exceeding P20,000.



BIR Issuances

- Pay with checks without limit in amount. Check payment will be accepted even without the name and branch of the receiving AAB indicated in the check as long as the check is made payable to the Bureau of Internal Revenue, with or without “IFO Name and TIN of the taxpayer” written in the check.
- Pay through checks or combination of cash and check/s or combination of two or more checks in the payment of single tax liability/return.

Revised BIR business registration requirements

(Revenue Memorandum Circular No. 57-2020, issued on June 09, 2020)

Revised checklists of documentary requirements for business registration and other types of applications were issued by the Bureau of Internal Revenue.

The Mayor’s Permit is no longer one of the required documents in registering new business with the BIR.

The documentary requirements for the following BIR applications have also been updated:

- Application for Registration (Individuals and Non-Individuals)
- Application for Authority to Print (ATP)
- Application for Registration of Books of Accounts
- Application for Permit to Use Manual/ Loose Leaf

- Application for TIN Card Issuance
- Application for Registration Information Updates
- Application for Transfer of Registration
- Application for Cancellation of TIN or Closure of Business

Please refer to the Annexes of the circular for the complete list of the updated documentary requirements.

The BIR also reiterated that it shall not process applications or request with incomplete requirements.

Updated list of accredited microfinance non-government organization

(Revenue Memorandum Circular No. 58-2020, issued on June 09, 2020)

The BIR published the updated list of microfinance NGOs accredited by the Microfinance NGO Regulatory Council (MNRC) as of May 26, 2020.

A duly registered and accredited Microfinance NGO shall pay a two percent (2%) tax based on its gross receipts from microfinance operations in lieu of all national taxes. The 2% tax may be applied only on the Microfinance NGO operations catering to the poor and low-income individuals in alignment with the main goal of the Microfinance NGOs Act.

The updated list can be found as Annex of the herein RMC (https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2020%20RMCs/AccListMFNGOs-2020.pdf).



BIR Issuances

Alternative modes of issuance of receipts/ invoices during ECQ and MECQ, not applicable during GCQ and MGCQ

(Revenue Memorandum Circular No. 59-2020, issued on June 09, 2020)

Receipting/invoicing requirements during the enhance community quarantine (ECQ), modified enhanced community quarantine (MECQ), general community quarantine (GCQ), and modified GCQ are as follows:

Modified Enhanced Community Quarantine (MECQ)

- The workaround procedures/temporary measures which may be adopted by taxpayers during ECQ, as provided under RMC No. 47-2020, shall also be applicable during MECQ.
- Deadline for the submission of the Summary of Temporary Receipts/Invoices Issued shall be within ninety (90) days from the date of lifting of ECQ/MECQ. Thus, in case the taxpayer adopted the workaround procedure during ECQ only, the deadline shall be 90 days from lifting of ECQ. For those who continued to implement the procedure during MECQ, the deadline shall be 90 days from lifting of MECQ.

General Community Quarantine (GCQ) and Modified GCQ

- The workaround procedures for receipting/invoicing requirements can no longer be applied during GCQ and MGCQ. During

this period, taxpayers should already issue original receipts/invoices bearing authority to print or CAS permit.

- The continued use of the workaround procedures shall be considered a violation of the invoicing requirements.

Reminders to online sellers to register business and pay taxes

(Revenue Memorandum Circular No. 60-2020, issued on June 10, 2020)

All persons doing business and earning income in any manner or form, specifically those into digital transactions through the use of any electronic platforms and media, and other digital means, shall ensure that their businesses are registered with the BIR and that their businesses are tax compliant.

All persons who will register their business activity and/or update their registration and will voluntarily declare their past transactions subject to pertinent taxes not later than July 31, 2020 shall not be imposed with penalties.

New business registrants, including existing registrants, are advised to comply with the following:

1. Issuance of registered Sales Invoices or Official Receipt for every sale of goods or services to clients/ customers/ buyers;
2. Keeping of registered books of accounts and other accounting records of business transactions;

3. Withholding taxes, as applicable;
4. Filing of required tax returns; and
5. Payment of correct taxes due on time.

Please refer to the Annex A of the circular for the basic guidelines in the registration of business.

List of VAT-exempt drugs/medicines for diabetes, high-cholesterol and hypertension now available

(Revenue Memorandum Circular No. 62-2020, issued on June 25, 2020)

The “List of Prescription Drugs and Medicines for Diabetes, High-cholesterol and Hypertension” which are exempt from VAT starting January 27, 2020 was published by the Department of Finance (DOF).

Under Republic Act No. 11467, the sale and importations of prescription drugs and medicines for diabetes, high-cholesterol and hypertension are exempt from VAT. RMC 62-2020 served to implement this exemption based on the list communicated by the Food and Drug Administration (FDA).

The list can be accessed thru the below link:

https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2020%20RMCs/RMC%20No.%2062-2020%20FDA%20List.pdf



BIR Issuances

Revised documentary requirements for POGOs to resume operations

(Revenue Memorandum Circular No. 64-2020, issued on May 25, 2020)

To resume operations, all POGO licensees and service providers are required to secure BIR clearance. Under the RMC, the BIR issued the revised list of documentary requirements in securing clearance to resume operations.

The copies of all Franchise Tax Returns (BIR Form No. 2553) together with proof of payments are now required to be submitted instead of Franchise Tax Returns for the taxable quarters of 2019 and 1st quarter of 2020 only.

For the complete revised list of documentary requirements, please refer to the Annex A of the circular (https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2020%20RMCs/Annex%20A_RMC%2064-2020.pdf).

RA No. 11467's effectivity date is January 27, 2020

(Revenue Memorandum Circular No. 65-2020, issued on June 22, 2020)

RA No. 11467 provided, among others, VAT exemption of sale or importation of prescription drugs and medicines for diabetes, high cholesterol, and hypertension beginning January 1, 2020, and increase in excise taxes on alcohol products, tobacco products and e-cigarettes.

The law provided an effectivity date of January 01, 2020 after its complete publication either in the Official Gazette or in a newspaper of general circulation. However, RA No. 11467 was only published on January 27, 2020. Thus, as clarified by Department of Finance thru its Memorandum dated June 30, 2020, the law became effective only on January 27, 2020. It cannot be applied retroactively from January 1, 2020.

AABs to accept payments for 2019 Annual ITR until 5pm of June 15, 2020

(Bank Bulletin No. 2020-05, issued on June 10, 2020)

The Bureau of Internal Revenue (BIR) has issued a Bank Bulletin addressed to all AABs on their responsibility to accept AITR until June 15, 2020, since the deadline of June 14, 2020 falls on a weekend. Likewise, banking hours shall be extended until 5:00 PM to accept AITRs.

AABs shall accept tax payments from taxpayers who are already within the bank premises by the close of the said extended banking hours.



> BIR Issuances
> Supreme Court
Decision

Supreme Court Decision

Association dues collected by condominium operators are not subject to taxes

(G.R No. 215801 and 218924, June 17, 2020)

The Supreme Court (SC) held that Revenue Memorandum Circular No. 65-2012, which imposed income tax and 12% value added tax on association dues, membership dues and other fees and charges by condominium operators to tenants, is void.

The SC states that association dues and membership fees are not subject to income tax as they do not constitute profit or gain and consequently, it is also not subject to withholding tax. The association dues and membership fees are also not subject to VAT as they do not arise from sale, barter or exchange of goods/properties nor are they generated by the performance of service.

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We welcome your suggestions and feedback so that the Tax brief may be made even more useful to you. Please get in touch with us if you have any comments and if it would help you to have the full text of the materials in the Tax brief.

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