

June 13, 2002

REVENUE REGULATIONS NO. 8-2002

SUBJECT : Amending Further Pertinent Provisions of Revenue Regulations No. 795, as amended, with respect to the Time of Filing of Quarterly VAT Returns; Contents and Submission of Quarterly Total of Monthly Sales and Purchases Per Supplier or Customer, and Providing for the Penalties and Effect of Non-Submission Thereof; and Clarifying Further the Mode of Remittance of VAT Due From Non-Residents.

TO : All Internal Revenue Officers and Others Concerned.

SECTION 1. SCOPE. - Pursuant to the provisions of Sections 244 and 245 of the Tax Code of 1997 (Code) in relation to Sections 5, 6, 105 and 114 of the same Code, these Regulations are hereby promulgated in order to amend certain provisions of Revenue Regulations 795 (RR 795), as amended, relative to the (a) time of filing of quarterly VAT returns; (b) contents and submission of quarterly total of monthly sales and purchases per supplier or customer, and providing for the penalties and effect of non-submission thereof; and (c) clarifying the mode of remittance of VAT due from non-residents.

SEC. 2. FILING OF RETURN AND PAYMENT OF VAT. - Sec. 4.110-1 (A), (B), (C), and (D) of RR 7-95, as amended by RR 6-2001 and RR 4-2002, is hereby further amended to read as follows:

“SEC. 4.110-1. Filing of return and payment of VAT. -

“A) Filing of Return. – Every person liable to pay VAT shall file a quarterly return of the amount of his quarterly gross sales or receipts within twenty five (25) days following the close of the taxable quarter using the latest version (April 2002 (ENCS) version) of Quarterly VAT Return (BIR Form 2550Q -April 2002 (ENCS)) hereto attached as Annex “A”. The term “taxable quarter” shall mean the quarter that is synchronized to the income tax quarter of the taxpayer (i.e., calendar quarter or fiscal quarter).

Amounts reflected in the monthly VAT declarations for the first two (2) months of the quarter shall still be included in the quarterly VAT return which reflects the cumulative figures for the taxable quarter. Payments in the monthly VAT declarations shall, however, be credited in the quarterly VAT return to arrive at the net

VAT payable or excess input tax/over-payment as of the end of a quarter.

“Example. - Suppose the accounting period adopted by the taxpayer is fiscal year ending October 2003, the taxpayer has to file monthly VAT declarations for the months of November 2002, December 2002, and for the months of February, March, May, June, August, and September for Year 2003, on or before the 20th day of the month following the close of the taxable month. His quarterly VAT returns corresponding to the quarters ending January, April, July, and October 2003 shall, on the other hand, be filed and taxes due thereon be paid, after crediting payments reflected in the Monthly VAT declarations, on or before February 25, May 25, August 25, and November 25, 2003, respectively.

“B) Payment of VAT. – All persons liable to VAT shall pay the tax monthly based on the taxable sales/receipts for the month, using the VAT declaration form within twenty (20) days after the end of each month: Provided, however, that with respect to taxpayers who availed of the electronic filing and payment system (EFPS), the deadline for electronically filing the monthly VAT declaration and paying the tax due thereon via the EFPS shall be five (5) days later than the aforesaid deadline. The declaration shall be accomplished only for the first two (2) months of each taxable quarter.

The VAT payable/ Excess Input Tax (output tax less input tax) for each **taxable** quarter shall be reduced by the total amount of tax(es) previously paid for the **immediately** preceding two (2) months, and **the advance payments/creditable VAT withheld by the payors for the three months of the quarter.**

“C) Short Period Return. - Any person who retires from business **with due notice to the BIR office where the taxpayer (head office) is registered or whose VAT registration has been cancelled** shall file a **final** quarterly return and pay the tax due thereon within twenty five (25) days **from the end of the month when the business ceases to operate or when the VAT registration has been officially cancelled.** Provided, however, that **subsequent monthly declarations/quarterly returns are still required to be filed if the results of the winding up of the affairs/business of the taxpayer reveal taxable transactions.**

“All persons first registered under Sec. 4.107-1(b)(3) and 4.107-1(c) of these Regulations shall be liable to VAT on the effective date of registration stated in their Certificates of Registration: i.e., the first day of the month following their registration. If the effective date of

registration falls on the first or second month of the taxable quarter, the initial monthly VAT declaration shall be filed within twenty (20) days after the end of the month, and the initial quarterly return shall be filed on or before the 25th day after the end of the taxable quarter. On the other hand, if the effective date of registration falls on the third month of the taxable quarter, the quarterly return shall be filed on or before the 25th day of the month following the end of the taxable quarter, **and no monthly VAT declaration need be filed for the initial quarter. The deadline for the filing of Monthly VAT Declaration shall be five (5) days later than the deadline herein set forth if the taxpayer is filing under the Electronic Filing and Payment System (EFPS)."**

"D) Where to file and pay. - The monthly VAT declaration and quarterly return shall be filed with, and the VAT due thereon paid to an Accredited Agent Bank (AAB) under the jurisdiction of the Revenue District/BIR Office where the taxpayer **(head office of the business establishment)** is required to be registered.

In cases where there are no duly accredited agent banks within the municipality or city, the monthly VAT declaration and quarterly VAT return shall be filed with and any amount due paid to the Revenue District Officer, Collection Agent, or duly authorized Treasurer of the Municipality/City where such taxpayer **(head office of the business establishment)** is required to be registered.

The quarterly VAT return and the monthly VAT declaration, where no payment is involved, shall be filed with the Revenue District Officer (RDO) / Large Taxpayers District Office (LTDO)/ Large Taxpayers Assistance Division (LTAD), Collection Agent, duly authorized Municipal/City Treasurer of Municipality/City where the taxpayer (head office of the business establishment) is registered or required to be registered."

Taxpayers filing via EFPS shall comply with the provisions of RR 9-2001 as amended by RR 2-2002.

Only one consolidated quarterly VAT return or monthly VAT declaration covering the results of operation of the head office as well as the branches for all lines of business subject to VAT shall be filed by the taxpayer, for every return period, with the BIR office where said taxpayer is required to be registered.

SEC. 3. CLARIFICATION OF THE MODE OF REMITTANCE OF VAT DUE FROM NON-RESIDENTS. - Sec. 4.110-3 of RR 7-95, as amended, is hereby amended to read as follows:

“SEC. 4.110-3. Withholding of Creditable and Final Value-Added Tax. –

“(a) Withholding of Creditable VAT. – The government or any of its political subdivisions, instrumentalities or agencies, including government-owned or controlled corporations (GOCCs) shall, before making payment on account of its purchase of goods from sellers and/or of services rendered by contractors/suppliers which are subject to VAT under **Sections 106 and 108** of the Code, deduct and withhold VAT due at the rate of three percent (3%) of the gross sales, whether paid or payable, for the purchase of goods, and six percent (6%) on gross receipts for services rendered by contractors/service-providers, on every sale or installment payment which shall be creditable against the VAT liability of the seller or contractor/supplier: **Provided, however, That in case of government public works contractors, the withholding tax rate shall be eight and one-half percent (8.5%).**

“(b) Withholding of Final VAT. - **The government or any of its political subdivisions, instrumentalities or agencies, including government-owned or controlled corporations (GOCCs), as well as private corporations, individuals, estates and trusts, whether large or non-large taxpayers, shall withhold ten percent (10%) VAT with respect to the following payments:**

- (1) Lease or use of properties or property rights owned by non-residents;**
- (2) Services rendered to local insurance companies, with respect to reinsurance premiums payable to non-residents; and**
- (3) Other services rendered in the Philippines by non-residents.**

“In remitting the VAT withheld, whether creditable or final, the withholding agent shall use BIR Form No. 1600- Remittance Return of Value-Added Tax and Other Percentage Taxes Withheld”.

“The VAT withheld and paid for the non-resident recipient (remitted using BIR Form No. 1600), which VAT is passed on to the resident withholding agent by the non-resident recipient of the income, may be claimed as input tax by said VAT-registered withholding agent upon filing his own VAT Return, subject to the rule on allocation of input tax among taxable sales, zero-rated sales and exempt sales. The duly filed BIR Form No. 1600 is the proof or documentary substantiation for the claimed input tax or input VAT.”

“Nonetheless, if the resident withholding agent is a non-VAT taxpayer, said passed-on VAT by the non-resident recipient of the income, evidenced by the duly filed BIR Form No. 1600, shall form part of the cost of purchased services, which may be treated either as an “asset” or “expense”, whichever is applicable, of the resident withholding agent.

SEC. 4. SUBMISSION OF QUARTERLY SUMMARY LIST OF SALES AND PURCHASES. – Sec. 4.110-4 of RR 7-95, as amended by RR 13-97 and RR 7-99, is hereby further amended to read as follows:

“SEC. 4.110-4. – Submission of Quarterly Summary Lists of Sales/Purchases. -

a. Persons Required to Submit Summary Lists of Sales /Purchases. -

(1) Persons Required to Submit Summary Lists of Sales. - All persons liable for VAT such as manufacturers, wholesalers, service-providers, among others, with quarterly total sales/receipts (net of VAT) exceeding Two Million Five Hundred Thousand Pesos (P2,500,000).

(2) Persons Required to Submit Summary Lists of Purchases. - All persons liable for VAT such as manufacturers, service-providers, among others, with quarterly total purchases (net of VAT) exceeding One Million Pesos (P1,000,000).

b. When and Where to File the Summary Lists of Sales/Purchases - The quarterly summary list of sales or purchases, whichever is applicable, shall be submitted to the RDO or LTDO or LTAD having jurisdiction over the taxpayer, on or before the twenty-fifth (25th) day of the month following the close of the taxable quarter (VAT quarter) -calendar quarter or fiscal quarter.

c. Information that Must be Contained in the Quarterly Summary List of Sales to be Submitted. –

The quarterly summary list must contain the monthly total sales generated from regular buyers/customers, regardless of the amount of sale per buyer/customer, as well as from casual buyers/ customers with individual

sales amounting to P100,000 or more. For this purpose, the term “regular buyers/ customers” shall refer to buyers/customers who are engaged in business or exercise of profession and those with whom the taxpayer has transacted at least six (6) transactions regardless of amount per transaction either in the previous year or current year. The term “casual buyers/customers”, on the other hand, shall refer to buyers/customers who are engaged in business or exercise of profession but did not qualify as regular buyers/customers as defined in the preceding statement.

The foregoing paragraph, notwithstanding, information pertaining to sales made to buyers not engaged in business or practice of profession (e.g., foreign embassies) may still be required from the seller the details of which shall be covered by a separate revenue issuance.

The Quarterly Summary List of Sales to Regular Buyers/Customers and Casual Buyers/Customers and Output Tax shall reflect the following :

- (1) BIR-registered name of the buyer who is engaged in business/exercise of profession;
- (2) Taxpayer Identification Number of the buyer (Only for sales that are subject to VAT);
- (3) Exempt Sales;
- (4) Zero-rated Sales;
- (5) Sales Subject to VAT (exclusive of VAT); and
- (6) Output Tax (VAT on sales).

(The total amount of sales shall be system-generated)

d. Information that must be Contained in the Quarterly Summary List of Purchases.–

The following information must be indicated in the following quarterly summary schedules of purchases :

(1) The Quarterly Summary List of Local Purchases and Input Tax

- a. BIR-registered name of the seller/supplier/service- provider;

- b. Address of seller/supplier/service-provider;
- c. Taxpayer Identification Number (TIN) of the seller;
- d. Exempt Purchases;
- e. Zero-rated Purchases;
- f. (i) Purchases Subject to VAT (exclusive of VAT) –on services;
 (ii) Purchases Subject to VAT (exclusive of VAT) – on capital goods; and
 (iii) Purchases Subject to VAT (exclusive of VAT) – on goods other than capital goods
- g. Creditable Input Tax; and }
- h. Non-Creditable Input Tax. } (to be computed not on a per supplier basis but on a per month basis)

(The total amount of purchases shall be system-generated)

“(2) The Quarterly Summary List of Importations

- (a) The import entry declaration number;
- (b) Assessment/Release Date;
- (c) The date of importation;
- (d) The name of the seller;
- (e) Country of Origin;
- (f) Dutiable Value;
- (g) All Charges Before Release From Customs’ Custody;
- (h) Landed cost :
 - (i) Exempt;
 - (ii) Taxable (Subject to VAT);
- (i) VAT paid;
- (j) Official Receipt (OR) Number of the Official Receipt evidencing payment of the tax; and
- (k) Date of VAT payment.

For the claimed input tax arising from services rendered in the Philippines by non-residents, no summary list is required to be submitted.

- e. Rules in the Presentation of the Required Information in the Summary Schedules. -

- (1) The summary schedules of sales to regular buyers/customers shall not only refer to sales subject to VAT but shall likewise include exempt and zero-rated sales.
- (2) The summary schedule of purchases likewise shall not only refer to purchases subject to VAT but also to exempt and zero-rated purchases.
- (3) The names of sellers/suppliers/service-providers and the buyers/customers shall be alphabetically arranged and presented in the schedules.
- (4) All the summary lists or schedules mentioned above for submission to the BIR shall mention as heading or caption of the report/list/schedule the BIR-registered name, trade name, address and Taxpayer Identification Number (TIN) of the taxpayer-filer and the covered period of the report/list/schedule.
- (5) Failure to mention the TIN of the buyer in the “Schedule of Sales” would not have any effect on the seller but may be a ground for the audit of the records of the buyer or of both the buyer and the seller.
- (6) The quarterly summary lists shall reflect the consolidated monthly transactions per seller/supplier or buyer for each of the three (3) months of the VAT taxable quarter of the taxpayer as reflected in the quarterly VAT return except the summary list of importation which shall show the individual transactions for the month for each month of the taxable quarter/VAT quarter. Thus, the period covered by the aforementioned summary list required to be submitted to the BIR shall be the covered period of the corresponding quarterly VAT return.
- (7) The Quarterly Summary List of Sales and Purchases shall be submitted in magnetic form using 3.5-inch floppy diskettes following the format provided in Subsection (g) hereof .

To provide for a clear-cut rule on the mandatory submission of the said summary lists in diskette form, the following shall be observed:

(a) Submission of said summary lists in diskette form shall be required for the taxable quarter where the total sales (taxable-net of VAT, zero-rated, exempt) exceed Two Million Five Hundred Thousand (P2,500,000) or total purchases (taxable-net of VAT, zero-rated, exempt) exceed One Million Pesos (P1,000,000). Thus, if the total quarterly sales amounted to P3,000,000 and the total quarterly purchases amounted to P900,000, the quarterly summary list to be submitted shall only be for sales and not for purchases. On the other hand, if the total quarterly sales amounted to P2,000,000 and the total quarterly purchases amounted to P1,500,000 then the quarterly summary list to be submitted shall only be for purchases and not for sales.

(b) Once any of the taxable quarters total sales and/or purchases exceed the threshold amounts as provided above, the VAT taxpayer, in addition to the requirement that the summary list for such quarter be submitted in accordance with the herein prescribed electronic format, shall be further required to submit the summary lists for the next three (3) succeeding quarters, still in accordance with the herein prescribed electronic format, regardless of whether or not such succeeding taxable quarter sales and/or purchases exceed the herein set threshold amounts of P2,500,000 for sales and P1,000,000 for purchases.

f. The threshold amounts as herein set for sales and purchases may be increased/modified by the Commissioner if it is necessary for the improvement in tax administration.

g. **Required Procedure and Format in the Submission of Quarterly List of Sales/ Purchases. -**

The Quarterly Summary List of Sales and Purchases as required above shall be submitted directly to the RDO or LTDO or LTAD having jurisdiction over the taxpayer on the same date when the Quarterly VAT return is due for filing with and the tax thereon due for payment to the appropriate AAB or BIR Office, whichever is applicable. The list shall contain all the information required in the preceding paragraphs and shall conform to the electronic format to be prescribed in a Revenue Memorandum Circular (RMC), using any of the following:

1. Excel format;
2. Taxpayer's own extract program; or
3. The Data Entry Module developed by the BIR that will be available upon request or by downloading from the BIR's web site at <http://www.bir.gov.ph>, with the corresponding job aid to be provided in a RMC to be issued by the BIR.

"For those who would choose either option 1 or option 2, such taxpayers shall use a validation module developed by the BIR, which can either be downloaded from the BIR website or made available in diskette form upon request.

"Only diskettes readable upon submission shall be considered as duly filed/submitted Quarterly Summary List of Sales and Output Tax/Purchases and Input Tax/Importations. Failure to submit the aforementioned quarterly summary lists in the manner prescribed above shall be punishable under the pertinent provisions of the Code and regulations and shall trigger an audit of taxpayer's VAT liabilities."

SEC. 5. PENALTY PROVISION . - A new provision is hereby added under Sec. 4.110 of RR 7-95, as amended, providing for the imposition of penalties in case of failure to submit quarterly summary list of sales and purchases in accordance with the manner prescribed above, which shall read as follows:

“SEC. 4.110-5. Penalty Provision. – In accordance with the provisions of the Tax Code of 1997, a person who fails to file, keep or supply a statement, list, or information required herein on the date prescribed therefor shall pay, upon notice and demand by the Commissioner of Internal Revenue, an administrative penalty of One thousand pesos (P1,000) for each such failure, unless it is shown that such failure is due to reasonable cause and not to willful neglect. For this purpose, the failure to supply the required information for each buyer or seller of goods and services shall constitute a single act or omission punishable hereof. However, the aggregate amount to be imposed for all such failures during a taxable year shall not exceed Twenty-five thousand pesos (P25,000).

In addition to the imposition of the administrative penalty, willful failure by such person to keep any record and to supply the correct and accurate information at the time or times as required herein, shall be subject to the criminal penalty under the relevant provisions of the Tax Code of 1997 (e.g., Sec. 255, Sec. 256, etc.), upon conviction of the offender.

The imposition of any of the penalties under the Tax Code of 1997 and the compromise of the criminal penalty on such violations, notwithstanding, shall not in any manner relieve the violating taxpayer from the obligation to submit the required documents.

Finally, the administrative penalty shall be imposed at all times, upon due notice and demand by the Commissioner of Internal Revenue. A subpoena duces tecum for the submission of the required documents shall be issued on the second offense. A third offense shall set the motion for a criminal prosecution of the offender.

SEC. 6. COMPROMISE AGREEMENT.- If violation of the provisions of Section 4 hereof is compromised by the Bureau of Internal Revenue with the violating taxpayer, submission of the unsubmitted lists should always form part of the obligation of the taxpayer embodied in the compromise agreement.

SEC. 7. TRANSITORY PROVISION. – The shifting from a calendar quarter VAT return to a fiscal quarter VAT return shall start in the fiscal quarter ending July 31, 2002 which is due for filing on or before Aug. 25, 2002. Since the last quarterly VAT return filed covers the quarter ending June 30, 2002, the initial short-period quarterly VAT return for the fiscal quarter ending July 31, 2002 shall cover only one month period. For this fiscal quarter, no monthly VAT declaration need be filed. Likewise, for the fiscal quarter ending Aug. 31, 2002, the initial short-period quarterly VAT return shall cover a two-month period which is the period from July 1, 2002 to August 31, 2002. The monthly VAT declaration that need be filed for this fiscal quarter is the VAT declaration for the month of July only. Correspondingly, the quarterly summary lists of

sales/purchases appurtenant thereto shall be filed in accordance with the rules herein prescribed.

The magnetic file format prescribed in RR 13-97, as amended by RR 7-99, shall apply to the Quarterly Summary List of Sales and Output Tax/Purchases and Input Tax/Importations/Services rendered in the Philippines by non-residents covering the quarters ending March 31, 2002 and June 30, 2002. However, in the preparation of the Schedules of Sales and Purchases for submission to the BIR as herein prescribed, covering the quarter ending July 31, 2002 and thereafter, the electronic format, using any of the options provided in Section 4 of these Regulations, shall be adopted.

As provided in Section 4 hereof, the diskettes to be submitted for this purpose must be readable; otherwise, the same shall be considered as not to have been submitted at all. However, for diskettes of schedules covering the quarters ending March 31, 2002 and June 30, 2002, which have not been successfully uploaded in the BIR system in violation of the provisions of RR 13-97 as amended by RR 7-99 the same must be re-filed on or before August 31, 2002, after using the validation program of the BIR. However, it is emphasized that all schedules covering the quarter ending July 31, 2002 and thereafter shall strictly comply with the new provisions hereof.

The prescribed diskettes shall be submitted to the concerned BIR Office having jurisdiction over the taxpayer's principal place of business (head office) or where it is required to be registered, without prejudice to the privilege of transmitting the data electronically to the BIR National Office once it is ready for this activity and the taxpayer is registered for this purpose.

SEC. 8. REPEALING CLAUSE. - The provisions of any revenue regulations, revenue memorandum order, revenue memorandum circular or any other issuance of the Bureau of Internal Revenue inconsistent herewith are hereby repealed, amended, or modified accordingly.

SEC. 9. EFFECTIVITY CLAUSE. - These Regulations shall take effect fifteen (15) days from publication hereof.

(Original Signed)
JOSE ISIDRO N. CAMACHO
Secretary of Finance

Recommending Approval :

(Original Signed)
RENÉ G. BAÑEZ
Commissioner of Internal Revenue