

EASE OF PAYING TAXES ACT OF 2024

Salient or Highlighted Provisions



MORFE, CENETA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

PROVISION		ITEMS	NATIONAL INTERNAL REVENUE CODE	EASE OF PAYING TAXES ACT (EOPT)
NIRC	EOPT			
21	3	Sources of Revenue and Classification of Taxpayers	Sources of revenue: (1) Income tax (2) Estate and donor's taxes (3) Value-added tax (4) Other percentage taxes (5) Excise taxes (6) Documentary stamp taxes; and (7) Such other taxes as are or hereafter may be imposed and collected by the BIR Classification of taxpayer: Large taxpayer	Same provision <

PROVISION		ITEMS	NATIONAL INTERNAL REVENUE CODE	EASE OF PAYING TAXES ACT (EOPT)
NIRC	EOPT			
106	16	Value Added Tax on Sale of Goods or Properties	<p>(A) Rate and base of tax There shall be levied, assessed and collected on every sale, barter or exchange of goods or properties, a vat of 12% of the gross sales.</p> <p>Gross sales mean the total amount of money or its equivalent value in money that the purchaser pays or is obligated to pay to the seller.</p> <p>Sales returns, allowances and discounts may be deducted from the gross sales for the quarter in which a refund is made or credit memorandum or refund issued</p>	Same provision
108	17	Value Added Tax on Sale of Services or Lease of Properties	<p>(A) Rate and base of tax There shall be levied, assessed and collected, a vat of 12% of the gross receipts derived from the sale or exchange of services, including the use of lease of properties.</p> <p>Gross receipts mean the total amount of money or its equivalent value that is actually or constructively received during the taxable quarter for the services performed or to be performed for another person.</p>	<p>Amended Provision There shall be levied, assessed and collected, a vat of 12% of the gross sales derived from the sale or exchange of services, including the use or lease of properties.</p> <p>Gross sales mean the total amount of money or its equivalent value that the purchaser pays or is obligated to pay to the seller, for the services performed.</p> <p>New Provision For the long-term contracts (1 year or more), the invoice shall be issued on a month in which the service, or use of lease of properties is rendered or supplied.</p> <p>Sales allowances and sales discounts for services rendered may be deducted from the gross sales for the quarter in which a refund is made or a credit memorandum or refund is issued.</p>
109	18	Exempt Transactions from Value-Added Tax	Sale of goods, services, or performance of contracts, the gross annual sales/ receipts of which do not exceed Three Million Pesos (Php3,000,000.00) are exempt transactions from VAT.	<p>Same provision</p> <p>Amended Provision The Three Million (Php3,000,000.00) threshold for VAT Exempt Threshold can now be adjusted based on the Consumer Price Index published by the Philippine Statistics Authority every three (3) years.</p>

PROVISION		ITEMS	NATIONAL INTERNAL REVENUE CODE	EASE OF PAYING TAXES ACT (EOPT)
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109	18	Output VAT Credit on Uncollected Receivables		<p>New Provision</p> <p>(D) A seller of goods or services may deduct the output VAT of the uncollected receivables from its output VAT on the next quarter:</p> <ol style="list-style-type: none"> 1. After the lapse of the agreed-upon period to pay; 2. Provided that the seller has fully paid the VAT; 3. Provided further that the VAT component of the uncollected receivables has not been claimed as allowable deductions from gross income <p>In case of recovery of uncollected receivables, the output vat pertaining thereto shall be added to the output vat during the period of recovery</p>
112	20	Classification of Taxpayers for the purpose of VAT Refund claims		<p>New Provision</p> <p>The vat refund claims shall be classified into Low, Medium, and High Risk claims. Medium and High-risk claims are subject to audit or other verification processes by the BIR's national audit program for the relevant year.</p> <p>Parameters:</p> <ol style="list-style-type: none"> a. Amount of VAT Refund Claimed; b. Tax Compliance History; c. Frequency of Filing VAT Refund; d. Among others.
112/236	20/34	Business Style	Required under Invoicing and Registration Requirements	<p>Amended Provision</p> <p>Business Style is no longer required in the invoicing and registration requirements.</p>
113	21	Issuance of VAT Invoice and Receipt	<p>A VAT-registered person shall issue:</p> <ol style="list-style-type: none"> (1) A VAT invoice for the sale of goods or properties (2) A VAT official receipt for lease and sale of service <p>Note: <u>Section 34 of NIRC: Deductions from Gross Income</u> (b) Substantiation Requirements. - No deduction from gross income shall be allowed unless the taxpayer shall substantiate with sufficient evidence, such as official receipts or other adequate records: (i) the amount of the expense being deducted, and (ii) the direct connection or relation of the expense being deducted to the development, management, operation and/or conduct of the trade, business or profession of the taxpayer.</p>	<p>Amended Provision</p> <p>A VAT-registered person shall issue a VAT invoice for the sale of goods or properties, lease, and sale of service</p> <p>Same Provision</p> <p>Note that the above-amended provision does not affect the official receipts or other adequate records requirement on the substantiation requirements under Section 34 of NIRC</p>

PROVISION		ITEMS	NATIONAL INTERNAL REVENUE CODE	EASE OF PAYING TAXES ACT (EOPT)
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113	21	<p>Invoicing and Accounting Requirements for VAT Registered Persons</p> <p>D. Consequence of Issuing an Erroneous VAT Invoice</p>	<p>(1) If a person who is not a VAT-registered person issues an invoice showing the TIN, followed by a word "VAT":</p> <p>(a) The issuer shall, in addition to any liability to other percentage taxes, be liable to (i) Output vat without the benefit of any input tax credit, and (ii) A 50% surcharge</p> <p>(b) The input vat shall, if other requisite information is shown on the invoice, be recognized as an input tax credit to the purchaser</p> <p>(2) If a VAT registered person issues a VAT Invoice for a VAT exempt transaction, but fails to display on the invoice the term "VAT-exempt sale", or clearly provide a breakdown of the VAT-exempt sale, shall be liable to pay the output vat as if the Tax exemption did not apply</p>	<p>Same Provision</p> <p>Same Provision</p> <p>New Provision</p> <p>(3) If a vat registered person issues a VAT invoice with lacking information required, the issuer shall be liable for non-compliance with the invoicing requirement, however, the input vat shall still be allowed to be used as input tax credit on the part of the purchaser if the lacking information does not pertain to:</p> <p>A. the amount of sales;</p> <p>B. the amount of VAT;</p> <p>C. the name and TIN of both the seller and the purchaser;</p> <p>D. the description of goods or nature of services,</p> <p>E. the date of transaction</p>
116	24	Tax on Persons Exempt from Value-Added Tax (VAT)	<p>Rate and base of tax</p> <p>Any person whose sales are exempt from VAT (under Section 109) and who is not a VAT-registered person shall pay, three (3%) tax based on quarterly gross sales or receipts.</p> <p>Provided that cooperatives shall be exempt from the 3% tax.</p>	<p>Amended Provision</p> <p>Any person whose sales are exempt from VAT (under Section 109) and who is not a VAT-registered person shall pay, three (3%) tax based on quarterly gross sales</p> <p>Same Provision</p>

PROVISION		ITEMS	NATIONAL INTERNAL REVENUE CODE	EASE OF PAYING TAXES ACT (EOPT)
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117	25	Percentage Tax on Domestic Carriers and Keepers of Garages	<p>Rate and base of tax Cars for rent or hire driven by the lessee; transportation contractors, including persons who transport passengers for hire, and other domestic <i>carriers by land</i> for the transport of passengers (except owners of bancas and animal-drawn-two-wheeled vehicles), and keepers of garages, shall pay a tax of three (3%) of their quarterly gross receipts</p> <p>The gross sales of <i>common carriers</i> (defined under Article 1732) derived from their <i>incoming and outgoing freight</i> shall not be subjected to local taxes (RA 7160 or Local Government Code of 1991).</p> <p>“Article 1732. Common carriers are persons, corporations, firms or associations engaged in the business of carrying or transporting passengers or goods or both, by land, water, or air for compensation, offering their services to the public.”</p>	<p>Amended Provision Cars for rent or hire driven by the lessee; transportation contractors, including persons who transport passengers for hire, and other domestic carriers by land for the transport of passengers (except owners of bancas and animal-drawn-two-wheeled vehicles), and keepers of garages, shall pay a tax of three (3%) of their quarterly gross sales</p> <p>Same Provision</p>
118	26	Percentage Tax on International Carriers	<p>Rate and base of tax International <i>air and shipping</i> carriers doing business in the Philippines on their gross sales derived from the Philippines to another country shall pay a tax of three (3%) of their quarterly gross receipts</p>	<p>Amended Provision International <i>air and shipping</i> carriers doing business in the Philippines on their gross sales derived from the Philippines to another country shall pay a tax of three (3%) of their quarterly gross sales</p>
119	27	Tax on Franchises	<p>Franchises on radio and/or television broadcasting with annual gross sales of the preceding year do not exceed Ten Million (P10,000,000) are subject to three (3%); and on gas and water utilities at two (2%) tax on the gross receipts.</p> <p>Note: With irrevocable option to register as Value added tax payer.</p>	<p>Franchises on radio and/or television broadcasting with annual gross sales of the preceding year do not exceed Ten Million (P10,000,000) are subject to three (3%); and on gas and water utilities at two (2%) tax on the gross sales</p> <p>Same Provision</p>
120	28	Tax on Overseas Dispatch, Message or Conversation, Originating from the Philippines	<p>Rate and base of tax Ten (10%) on the amount paid for every overseas dispatch, message or conversation transmitted from the Philippines by telephone, telegraph, telewriter exchange, wireless and other communication equipment service.</p> <p>Payable within 20days after the end of each quarter.</p>	<p>Amended Provision Ten (10%) on the amount billed for every overseas dispatch, message or conversation transmitted from the Philippines by telephone, telegraph, telewriter exchange, wireless and other communication equipment service.</p> <p>Same Provision</p>

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128	29	Deadline for payment of Percentage Tax	Within 25 days after the end of each taxable quarter	Same Provision
200	30	Payment of Documentary Stamp Tax	Time of filing and payment of the tax Within ten (10) days after the close of the month when the taxable document was made, signed, issued, accepted or transferred.	<p>Same Provision</p> <p><u>NOTE (based on BIR website): The deadline for the payment of Documentary Stamp Tax is within five (5) days after the close of the month when the taxable document was made, signed, issued, or accepted.</u></p>
204	31	Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes	<p>The Commissioner may –</p> <p>(A) Compromise the payment of any internal tax</p> <p>(B) Abate or cancel a tax liability</p> <p>(C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority</p> <p>The above authority is subject to conditions stated under Section 204 of NIRC</p>	<p>Same Provision</p> <p>New Provision</p> <p>Should the Commissioner deny, in full or in part, the claim for refund, the Commissioner shall state the legal and/or factual basis for the denial. The failure to process and decide on the application within 180 days shall be punishable under Section 269 of this Code.</p>

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229	32	Recovery of Tax Erroneously or Illegally Collected	<p>No suit or proceeding shall be maintained in any court until a claim for refund or credit has been duly filed with the Commissioner.</p> <p>In any case, no such suit or proceeding shall be filed after the expiration of 2 years from the date of payment of the tax or penalty.</p> <p>The Commissioner may even without a written claim, refund or credit any tax, when such payment appears clearly to have been erroneously paid.</p>	<p>Same Provision</p> <p>Repealed Provision</p> <p>Same Provision</p> <p>New Provision In any case, no such suit or proceeding shall be filed unless there is a full or partial denial of the claim for refund or credit by the Commissioner or there is a failure on the part of the Commissioner to act on the claim within 180-day period.</p> <p>The taxpayer may within 30 days from the receipt of the decision denying the claim or after the expiration of the 180 days, appeal the decision with the Court of Tax Appeals.</p>

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235	33	Preservation of Books of Accounts and Other Accounting Records	<p>All the books of accounts, including the subsidiary books and other accounting records of corporations, partnerships, or persons, shall be preserved by them for a period beginning from the last entry in each book until the last day prescribed by Section 203 within which the Commissioner is authorized to make an assessment.</p> <p><i>Note:</i> <i>Section 203 – within 3 years after the last day prescribed by law or 3 years counted from the day the return was filed; except as provided in Section 222</i></p> <p><i>Section 222 – within 5 years or 10 years subject to conditions</i></p> <p>The said books and records shall be subject to examination and inspection only once in a taxable year, except in the following cases:</p> <ol style="list-style-type: none"> Fraud, irregularity or mistakes, as determined by the Commissioner The taxpayer requests reinvestigation Verification of compliance with withholding tax laws and regulations Verification of capital gains tax liabilities; and In the exercise of the Commissioners' power under Section 5(B). <p>All corporations, partnerships or persons that retire from business shall, within ten (10) days from the date of retirement or within such period as maybe allowed by the Commissioner, submit their books of accounts. Corporations and partnerships must notify the Commissioner and shall not dissolve until cleared of any tax liability.</p>	<p>Amended Provision Shall be preserved for five (5) years reckoned:</p> <ol style="list-style-type: none"> Following the deadline in filing a return; If filed after the deadline, from the date of filing the return For the taxable year when the last entry was made in the books of accounts. <p>Same Provision</p> <p>Same Provision</p>
236	34	Annual Registration Fee	Annual Registration Fee amounting to Php500.00 to be paid annually on or before January 31 of each year pursuant to Section 236(B) of the Tax Code	Repealed Provision Annual Registration Fee amounting to Php500.00 is no longer required to be paid.
236	34	Transfer of Registration	It shall be the taxpayer's duty to update the registration status	<p>Same Provision</p> <p>New Provision If the transferring taxpayer is subject to an audit investigation, the Revenue District Office which initiated the audit investigation shall continue the same.</p>

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236	34	Cancellation of Registration	General rule: Canceled upon filing with the Revenue District Office	<p>Same Provision</p> <p>Additional Provision: This shall not preclude the Commissioner of Internal Revenue from conducting an audit to determine tax liability</p>
236	34	Cancellation of VAT Registration	If it can be shown that the total gross sales or receipts other than VAT Exempt Sales provided under Section 109 shall not breach the VAT Threshold amounting to Php1,500,000.00	<p>Amended Provision If it can be shown that the total gross sales or receipts other than VAT Exempt Sales provided under Section 109, shall not breach the VAT Threshold amounting to Php3,000,000.00 (amount of threshold is subject to adjustment)</p>
237	35	Issuance of Receipts or Sales or Commercial Invoice	<p>Issuance of Receipts or Sales or Commercial Invoice</p> <p>Each sale and transfer of merchandise or for services rendered valued at One hundred pesos (P100.00)</p>	<p>Issuance of Receipts or Sales or Commercial Invoice</p> <p>Amended Provision: Each sale and transfer of merchandise or services rendered is valued at five hundred pesos (P500.00). This amount is subject to adjustment every three (3) years using the Consumer Price Index published by the Philippine Statistics Authority.</p>
-	45	Concessions for Certain Taxpayers	No provision	<p>New Provision: For Micro and Small Enterprises, the following are the concessions:</p> <ol style="list-style-type: none"> 1. The Income Tax Return shall only consist of two (2) pages in paper or electronic form; 2. A surcharge of 25% is reduced to 10% 3. The interest rate imposed shall be reduced by 50%; (Thus, the interest shall be 6% instead of 12%) 4. A reduced fine of Five Hundred Pesos (Php500.00) as a penalty for failure to file certain information returns 5. A reduced, compromised penalty for failure to file certain information returns as provided under Section 250 of the Tax Code, as amended. <p>Note: The provision exempting the Micro Enterprises from withholding tax was disapproved by the President (Annex B dated January 4, 2024)</p>