

# Philippine Association for Government Budget Administration (PAGBA), Inc.

## 3<sup>rd</sup> Quarterly Seminar and Meeting



2017 3<sup>rd</sup> Quarterly Seminar & Meeting / October 4-7, 2017  
Citystate Asturias Hotel, Puerto Princesa City, Palawan

# Updates on BIR Rules and Regulations



Presented by

**Marina C. De Guzman**

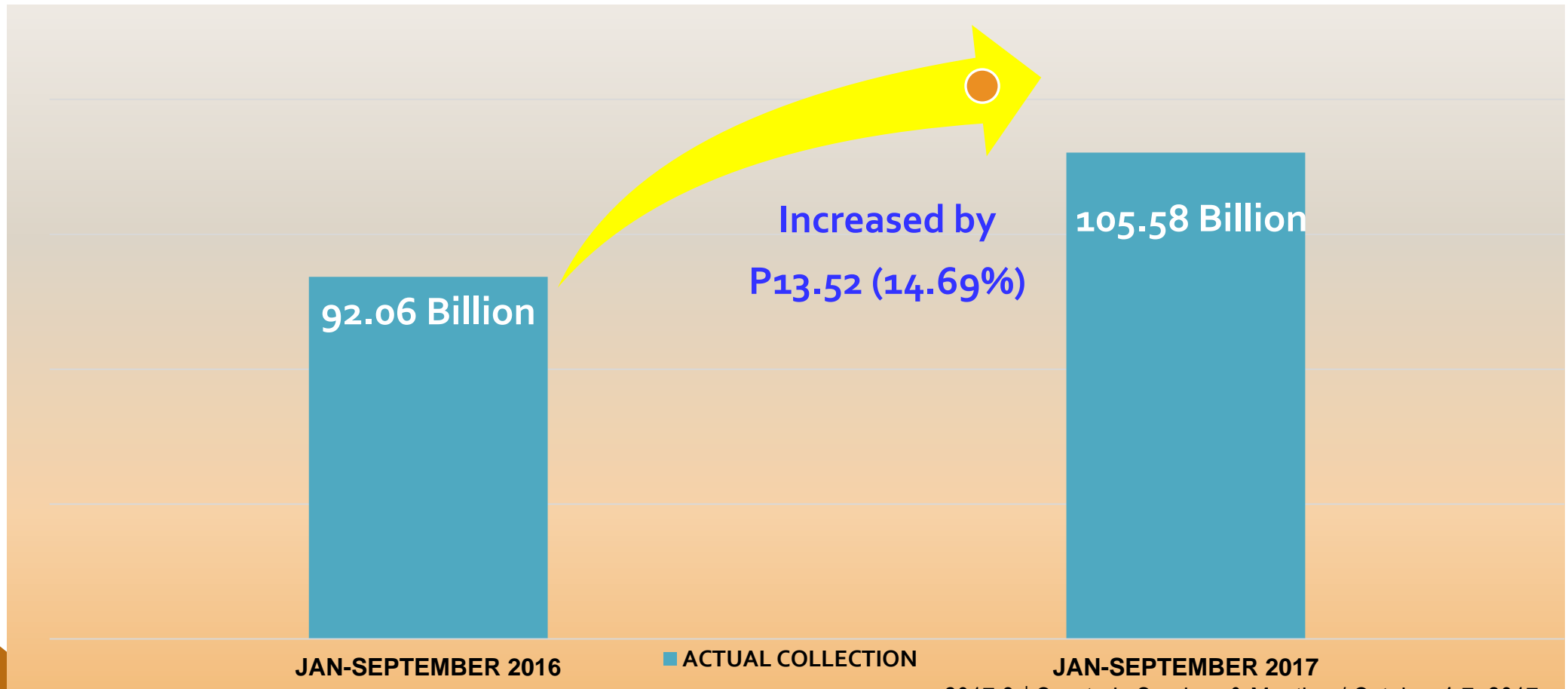
OIC-Regional Director

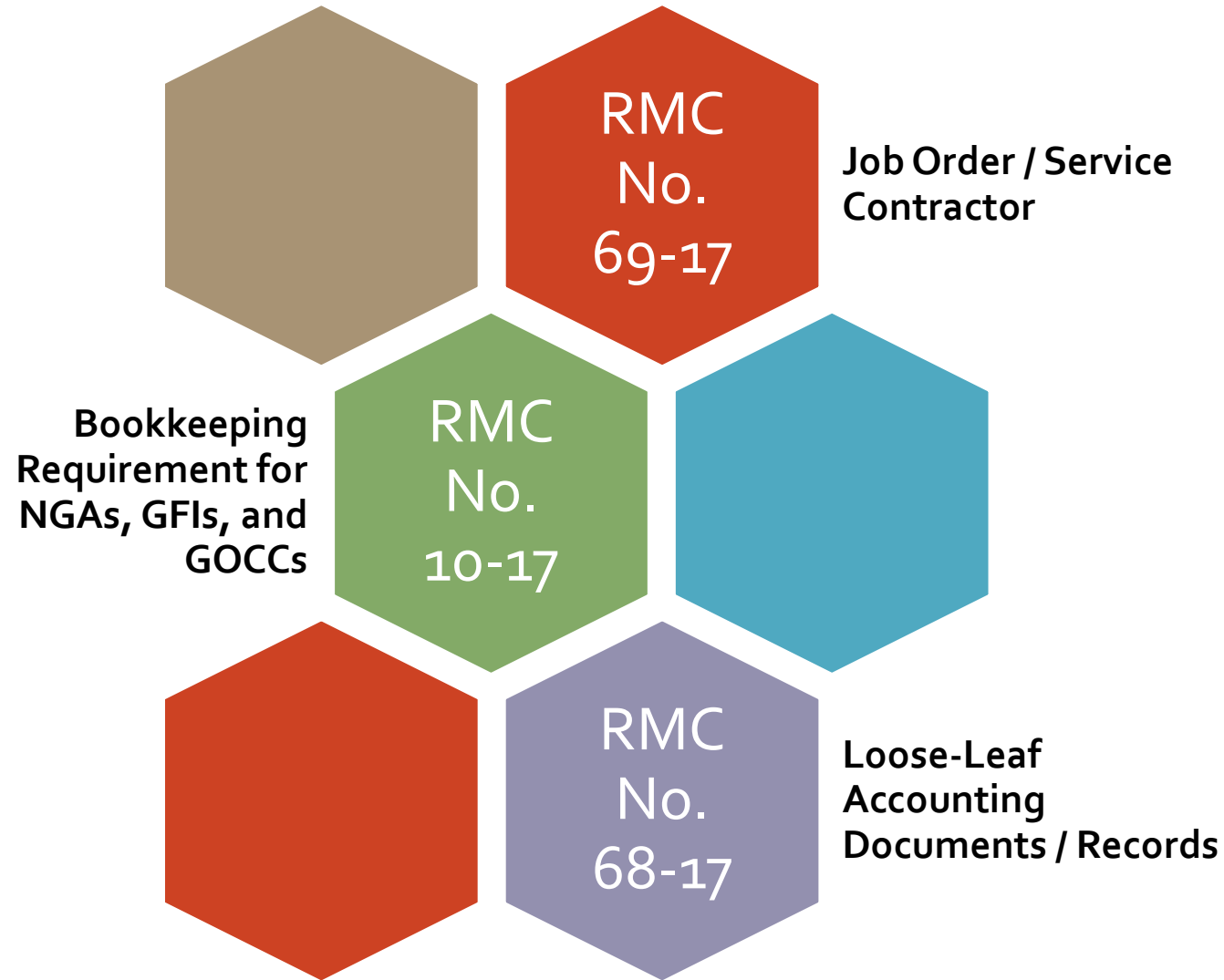
Revenue Region No. 7 – Quezon City

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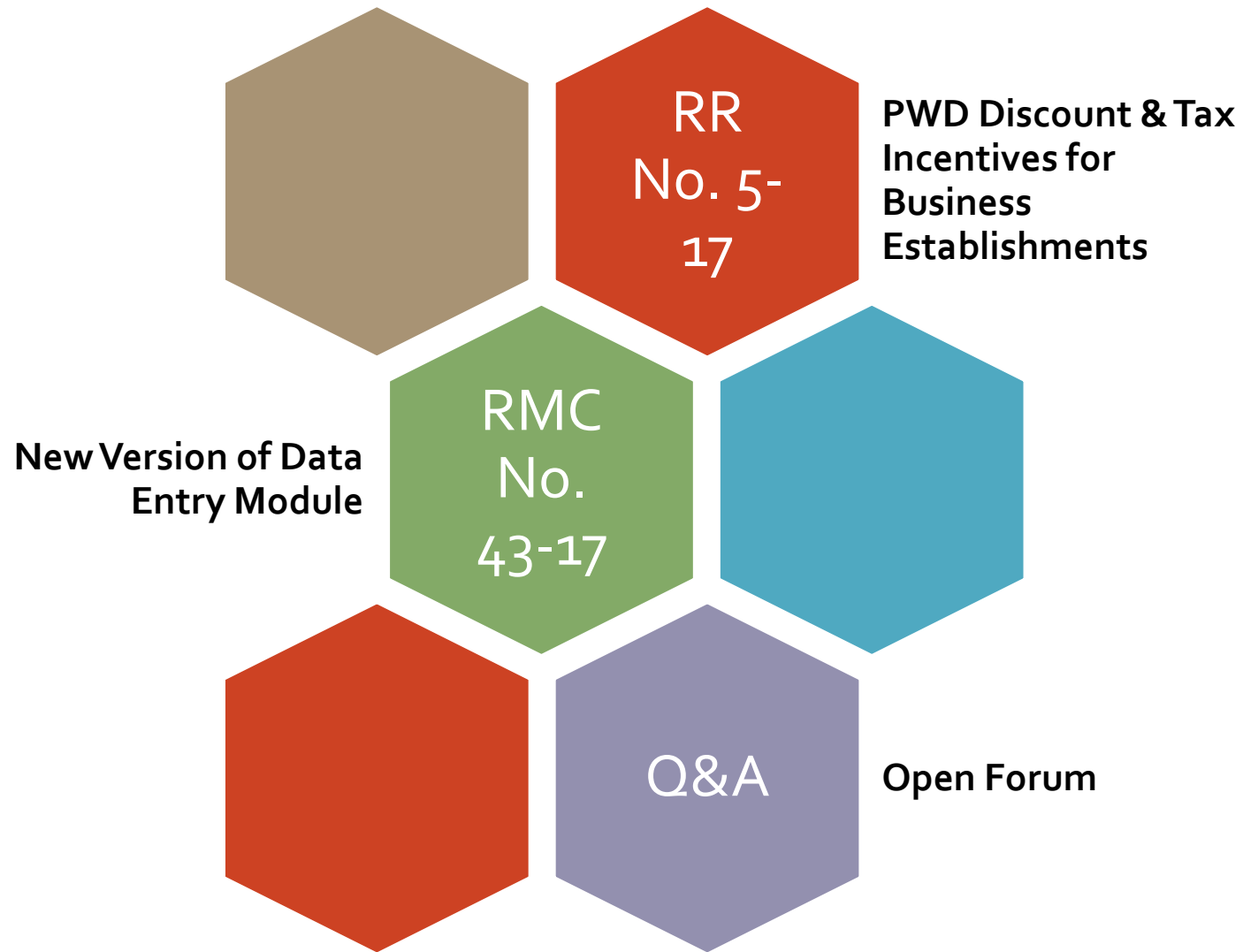
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# RR7 COLLECTION PERFORMANCE for January to September 29, 2017.





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# Update No. 1

## Revenue Memorandum Circular No. 69-17



2017 3<sup>rd</sup> Quarterly Seminar & Meeting / October 4-7, 2017  
Citystate Asturias Hotel, Puerto Princesa City, Palawan

# Revenue Memorandum Circular No. 69-17.

## **Subject:**

Registration and Compliance Requirements of Individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, Local Government Units (LGUs), State Colleges and Universities, including the Government-owned and /or Controlled Corporations (GOCCs), and Government Financial Institutions (GFIs)

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# Revenue Memorandum Circular No. 69-17.

## **Objectives:**

- To supplement RMC No. 130-2016.
- To clarify the registration and tax compliance requirements of individuals under Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, LGUs, State Colleges and Universities, including GOCCs and GFIs.

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# Revenue Memorandum Circular No. 69-17.

**Professional**

```
graph TD; A[Professional] --- B[Licensed]; A --- C[Non-Licensed]
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**Licensed**

**Non-Licensed**

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# Revenue Memorandum Circular No. 69-17.

**Licensed Professional** – refers to those individuals engaged in the practice of professions or callings, who render services for a fee, such as those enumerated in Sec. 2.57.2 (A) of RR 2-98, e.g. Lawyers; CPAs; Doctors of Medicine; Architects; Engineers; Marine surveyors; and all other professions requiring government licensure examination regulated by the Professional Regulations Commission, Supreme Court, etc.

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## Revenue Memorandum Circular No. 69-17.

- **Non-Licensed Professional** – otherwise known as *Non-Professional*, refer to those individuals who are not identified under Sec. 2.57.2(A)(1) of RR 2-98 and who are not registered with and regulated by PRC, SC, IBP, etc., who render services or-labor-only for a fee or under a contract of service.

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# Revenue Memorandum Circular No. 69-17.

## Note:

- The following Registration and Compliance Requirements are applicable **ONLY** to **Individual Professionals** (Licensed or Non-Licensed) under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, LGUs, State Colleges and Universities, including GOCCs and GIFs.

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# PHASES OF REGISTRATION & COMPLIANCE.

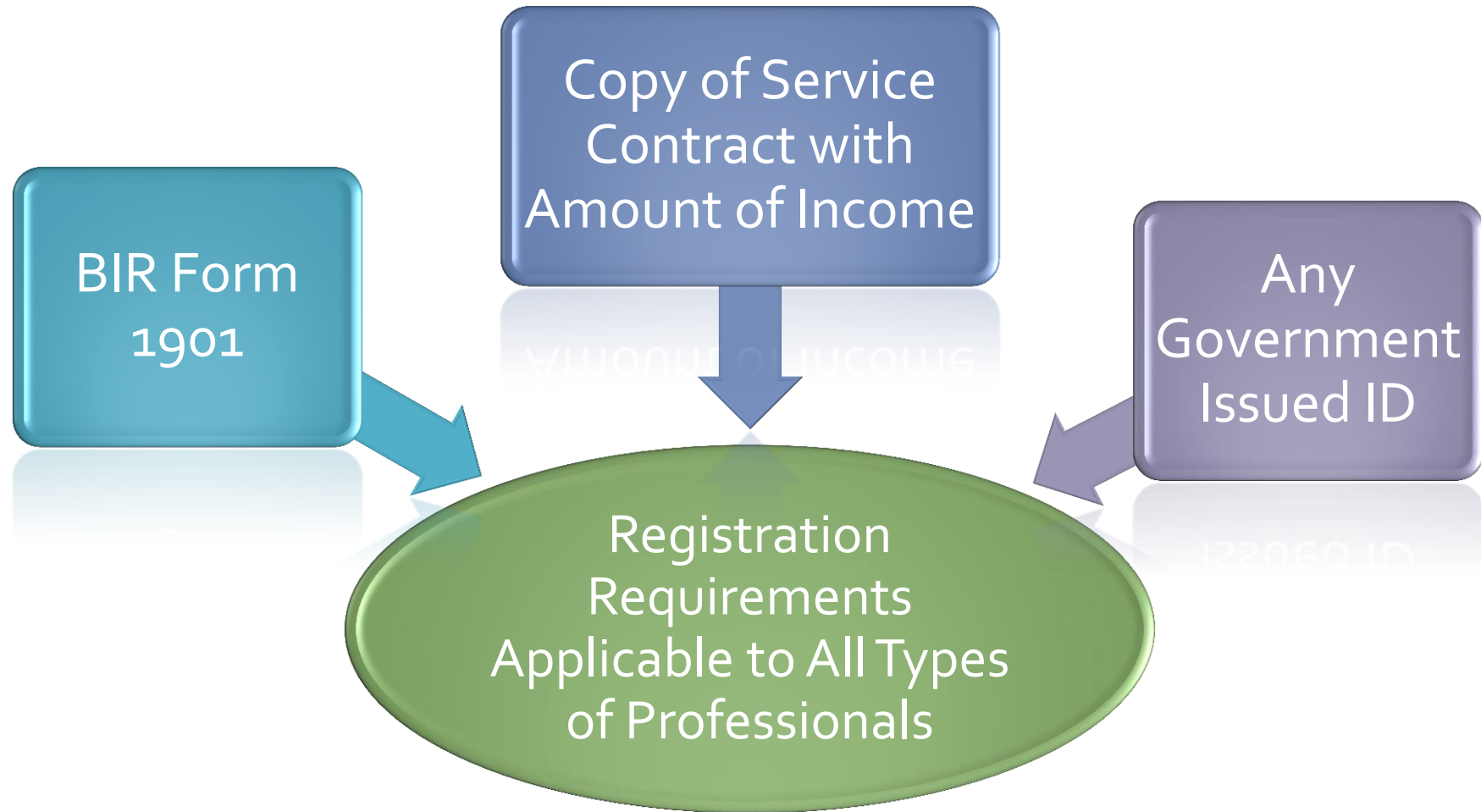


Encyclopedia © 2014

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Presented by: RD Marina C. De Guzman

# PHASES OF REGISTRATION & COMPLIANCE.



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# CLASSIFICATION OF PROFESSIONALS.

Professionals  
(Licensed /  
Non-Licensed)

- Marginal (Gross Receipts  $\leq$ 100K)
- Minimum Wage Earner
- One Payor
- No Other Source of Income

Professionals  
(Licensed /  
Non-Licensed)

- Non-marginal (Gross Receipts  $>$ 100k)
- Above Minimum Wage Earner
- One Payor
- No Other Source of Income

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# CLASSIFICATION OF PROFESSIONALS.

Professionals  
(Licensed /  
Non-Licensed)

- With:
- Two or more Payor, and / or
- Other Source of Income.

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# PHASES OF REGISTRATION & COMPLIANCE.

Professionals  
(Licensed / Non-  
Licensed)

- Marginal (Gross Receipts  $\leq$ 100K)
- Minimum Wage Earner
- One Payor
- No Other Source of Income

**Registration  
Requirements.**

Exempted from paying ARF.

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Exempted from the issuance of COR.

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Tax Type – Income Tax.

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# PHASES OF REGISTRATION & COMPLIANCE.

## Professionals (Licensed / Non- Licensed)

- Marginal (Gross Receipts  $\leq$ 100K)
- Minimum Wage Earner
- One Payor
- No Other Source of Income

**Bookkeeping  
And  
Invoicing  
Requirements.**

Exempted from issuance of registered receipts.

Exempted from keeping of Books of Accounts.

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# PHASES OF REGISTRATION & COMPLIANCE.

## Professionals (Licensed / Non- Licensed)

- Marginal (Gross Receipts  $\leq$ 100K)
- Minimum Wage Earner
- One Payor
- No Other Source of Income

**Tax**

File BIR Form 1701.

**Compliance**

**Requirements.**

Exempted from filing BIR Form 1701Q.

Exempted from Withholding Taxes.

Exempted from VAT or Percentage Tax.

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# PHASES OF REGISTRATION & COMPLIANCE.

## Professionals (Licensed / Non- Licensed)

- Non-marginal (Gross Receipts >100k)
- Above Minimum Wage Earner
- One Payor
- No Other Source of Income

### Registration Requirements.

Payment of ARF.

Tax Types: RF, IT, and VAT or Percentage Tax.

***Note: Exempt from filing VAT / Percentage Tax Returns under Substituted Filing.***

Exemption from Issuance of COR.

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# PHASES OF REGISTRATION & COMPLIANCE.

## Professionals (Licensed / Non- Licensed)

- Non-marginal (Gross Receipts >100k)
- Above Minimum Wage Earner
- One Payor
- No Other Source of Income

**Bookkeeping**

○ Required to issue registered receipts.

**And**

**Invoicing**

Required to keep of Books of Accounts.

**Requirements.**

***Note: Exempted from above if he/she availed the Substituted Filing.***

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# PHASES OF REGISTRATION & COMPLIANCE.

## Professionals (Licensed / Non- Licensed)

- Non-marginal (Gross Receipts >100k)
- Above Minimum Wage Earner
- One Payor
- No Other Source of Income

### Tax Compliance Requirements.

File and Pay using BIR Form 1701, exempt from attaching Financial Statements and filing 1701Q

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**Licensed:** Subject to **10% or 15%** withholding tax on income

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**Non-Licensed:** Subject to **2%** withholding tax on income

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# PHASES OF REGISTRATION & COMPLIANCE.

## Professionals (Licensed / Non- Licensed)

- Non-marginal (Gross Receipts >100k)
- Above Minimum Wage Earner
- One Payor
- No Other Source of Income

### Tax Compliance Requirements.

Subject to withholding tax @ 3% on Percentage Tax or 5% on VAT (*or 12% VAT if he/she availed of Substituted Filing*).

Filing and Payment of 2550M, 2550Q (VAT), or 2551M (Percentage Tax).

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# CLASSIFICATION OF PROFESSIONALS.

Professionals  
(Licensed / Non-  
Licensed)

- With:
- Two or more Payor, and / or
- Other Source of Income.

**Registration  
Requirements.**

Payment of ARF.

Tax Types: RF, IT, and VAT or Percentage Tax.

***Note: Not qualified under Substituted Filing.***

Subject Issuance of COR.

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# CLASSIFICATION OF PROFESSIONALS.

Professionals  
(Licensed / Non-  
Licensed)

- With:
- Two or more Payor, and / or
- Other Source of Income.

**Bookkeeping  
And  
Invoicing  
Requirements.**

○ Secure Approval of ATP

○ Required to issue registered receipts.

Required to keep of Books of Accounts.

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# CLASSIFICATION OF PROFESSIONALS.

Professionals  
(Licensed / Non-  
Licensed)

- With:
- Two or more Payor, and / or
- Other Source of Income.

**Tax  
Compliance  
Requirements.**

File and Pay using Quarterly ITR (1701Q) and Annual ITR (1701).

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**Licensed:** Subject to 10% or 15% withholding tax on income

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**Non-Licensed:** Subject to **2%** withholding tax on income

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# CLASSIFICATION OF PROFESSIONALS.

Professionals  
(Licensed / Non-  
Licensed)

- With:
- Two or more Payor, and / or
- Other Source of Income.

**Tax  
Compliance  
Requirements.**

Subject to withholding tax @ 3% on Percentage Tax or 5% on VAT.

Filing and Payment of 2550M(VAT), 2550Q (VAT), or 2551M (Percentage Tax).

Quarterly Submission of Summary List of Sales / Purchases.

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# SUBSTITUTED FILING

Legal basis:

Revenue Regulation 14-2003

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# SUBSTITUTED FILING

## Qualification

### 1. Only one payor.

Professionals  
(Licensed /  
Non-  
Licensed)

- Non-marginal (Gross Receipts >100k)
- Above Minimum Wage Earner
- One Payor
- No Other Source of Income

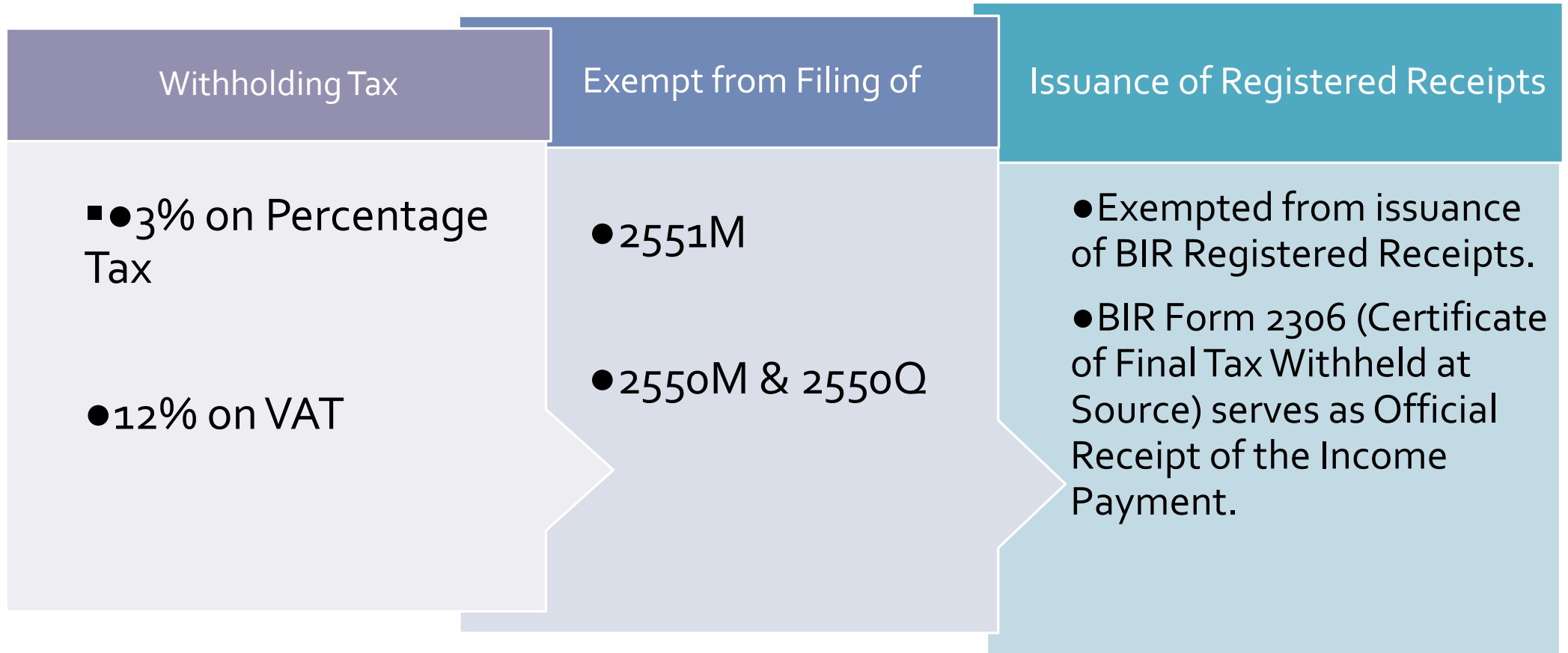
# SUBSTITUTED FILING

## Qualification

2. Waiver of the privilege to claim input tax credits (for VAT Taxpayers).
3. Notice of Availment on the option to pay the Tax through the withholding process
4. Notice of Availment on the substituted filing of Percentage Tax / VAT returns.

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# SUBSTITUTED FILING



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# CANCELLATION OF BUSINESS REGISTRATION

- ✓ In case of layoff during a taxable year, Professional (Licensed / Non-Licensed) shall duly inform his / her Home RDO by updating his/her registration information using BIR Form No. 1905 and immediately file the **“Notice of Cancellation on the Availment of the Substituted Filing of Returns”** within 10 calendar days from the effectivity of the separation of service.
- ✓ If the taxpayer shall not be engaged in business activities or exercise of his/her profession, he / she shall file closure or cessation of business registration with his / her Home RDO.

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# SUMMARY.

Individuals Under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government Instrumentalities, LGUs, State Colleges and Universities, including GOCCs and GFI.	Registration Fee	Percentage / VAT	Bookkeeping	Invoicing	1701 ITR	1701Q	2551M / 2550M / 2550Q	Expanded Withholding Tax		Business Tax	
								Gross Income < 720K	Gross Income > 720K	Percentage Tax	VAT
Professionals deriving gross receipts of P100k and below in any 12-month period and/or SMW rates from lone payor	x	x	x	x	/	x	x	x	x	x	x
Non-licensed Professionals deriving gross receipts above P100K in any 12-month period and/or SMW rates from lone payor	/	/*	/*	/*	/	x	/*	2%	2%	3%	5% or 12%
Licensed Professionals deriving gross receipts above P100K in any 12-month period and/or SMW rates from lone payor	/	/*	/*	/*	/	x	/*	10%	15%	3%	5% or 12%
Professionals receiving income from multiple payor and/or other source of income	/	/	/	/	/	/	/	10%	15%	3%	5%

**\* May avail of the substituted filing on Percentage Tax / VAT return and substituted Official receipts.**

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# Update No. 2

## Revenue Memorandum Circular No. 10-17



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Citystate Asturias Hotel, Puerto Princesa City, Palawan

# REVENUE MEMORANDUM CIRCULAR NO. 10-2017

## Subject:

### **Clarification on Bookkeeping Requirements of National Government Agencies, Government Agencies and Instrumentalities and Government-Owned and -Controlled Corporations**

- **This Circular is being issued to clarify the bookkeeping requirements of National Government Agencies (NGAs), Government Agencies and Instrumentalities (GAIs) and Government-Owned and -Controlled Corporations (GOCCs).**

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# REVENUE MEMORANDUM CIRCULAR NO. 10-2017

**Are NGAs, GAIs, and GOCCs required to register and keep their books of accounts?**

**Yes, in pursuance to the following legal bases:**

**1.) Section 232 of National Internal Revenue Code, as amended provides:**

**"Sec. 232. Keeping of Books of Accounts. —**

**(A) Corporations, Companies, Partnerships or Persons Required to Keep Books of Accounts. — All corporations, companies, partnerships or persons required by law to pay internal revenue taxes shall keep a journal and a ledger or their equivalents: xxx"**

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# REVENUE MEMORANDUM CIRCULAR NO. 10-2017

## 2.) Batas Pambansa Bilang 68 (The Corporation Code of the Philippines) provides:

"Section 2. Corporation defined. — A corporation is an artificial being created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incident to its existence.

xxx

xxx

xxx

Section 4. Corporations created by special laws or charters. — Corporations created by special laws or charters shall be governed primarily by the provisions of the special law or charter creating them or applicable to them, supplemented by the provisions of this Code, insofar as they are applicable."

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# REVENUE MEMORANDUM CIRCULAR NO. 10-2017

Thus,

- **NGAs, GAIs, and GOCCs fall under the term 'corporation' created by special law or charter. Thus, 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.**

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# REVENUE MEMORANDUM CIRCULAR NO. 10-2017

## Policies:

- 1) **NGAs, GAIs, and GOCCs who are using the Commission on Audit (COA)-developed Electronic New Government Accounting System (eNGAS) are not required to apply for its Permit to Use.**
- For Purposes of verification of payment / remittance of tax liabilities:**
- ✓ **NGAs, GAIs, and GOCCs shall be required to submit the eNGAS in electronic format.**

# REVENUE MEMORANDUM CIRCULAR NO. 10-2017

## Policies:

- 2) NGAs, GAIs, and GOCCs who are using a computerized accounting system and/or components thereof other than the eNGAS are required to apply for Permit to Use and shall submit and register the same in electronic format.



# REVENUE MEMORANDUM CIRCULAR NO. 10-2017

## Policies:

- 3) The submission of electronic format is to
  - ✓ the RDO having jurisdiction over the principal place of business or
  - ✓ the LTAD/ELTRD/LTD-Cebu/LTD-Davao where the head office is duly registered
- 4) Time within which to submit is
  - ✓ within thirty (30) days from the close of each taxable year or within 30 days upon the termination of its use, following the existing revenue issuances on computerized accounting system.

## GENTLE REMINDER.

**NGAs and LGUs are mandated to make use of the following eBIR services:**

**1. eFPS**

**2. eBIR Forms**

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# Revenue Regulations No. 06-14.

## **SECTION 4. Mandatory Coverage. — Only those non-eFPS filers are covered by this Regulations:**

1. Accredited Tax Agents/Practitioners and all its client-taxpayers;
2. Accredited Printers of Principal and Supplementary Receipts/Invoices;
3. One-Time Transaction (ONETT) taxpayers;
4. Those who shall file a "No Payment" Return;
5. Government-Owned or -Controlled Corporations (GOCCs);
6. **Local Government Units (LGUs), except barangays;** and
7. Cooperatives registered with National Electrification Administration (NEA) and Local Water Utilities Administration (LWUA).

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# Revenue Regulations No. 01-13.

The following are mandated to make use of the eFPS:

1. Large Taxpayers duly notified by the BIR;
2. Top 20,000 Private Corporations duly notified by the BIR;
3. Top 5,000 Individual Taxpayers duly notified by the BIR;
4. Taxpayers who wish to enter into contract with government offices;
5. Corporations with paid-up capital stock of Ten Million Pesos;
6. PEZA-registered entities and those located within Special Economic Zones; and
7. Government Offices, in so far as remittance of withheld VAT and business tax is concerned.

Now that Electronic Tax Remittance Advice (eTRA) System, a sub-system of the eFPS has been developed, the base of taxpayers mandated to use eFPS is expanded to include all National Government Agencies (NGAs) since the latter make use of the TRA in settlement of their withholding tax liabilities arising from the use of funds being released by the Department of Budget and Management (DBM).

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# Update No. 3

## Revenue Memorandum Circular No. 68-17



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# Revenue Memorandum Circular No. 68-17.

## **Subject:**

**A**pproval of Permit to Use (PTU) Loose-Leaf Books of Accounts/Invoices/Receipts and Other Accounting Record.

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# Revenue Memorandum Circular No. 68-17.

## Background:

- The general ledger shall be in bound form. Where subsidiary ledgers are used, the same may be either in book form or in loose-leaf form, provided that the entries in the loose-leaf subsidiary ledger are reflected in the general ledger by a controlling account (Revenue Regulations No. V-1)
- Sample of Bound form book – manually written entries.



SHEET NO. _____		ACCOUNT NO. _____		
RATING _____		NAME <i>Billy Loche</i>		
CREDIT LIMIT _____		ADDRESS _____		
TERMS _____				
DATE	ITEMS	DEBIT	CREDIT	BALANCE
4/10	gan 200 212.00	333		187.2
12	gan	231		12.03
16	By cash		1203	0
20	gan	119		119
24	gan 284 20	274		433
28	gan 250 21	284		217
7/1	gan 150	150		87
5	By cash		87	0
2	gan 365 212 210 gan 212 210 210 210	220		822
5	gan	295		1045
7	gan	185		1450
14	By c.	160		1310
14	By c.		1310	0
15	gan	220		220
16	gan	105		365
20	gan	145		480
24	gan 15 40	1		593
28	gan 15 40	215		808
7/28	gan 15 40	225		1030
7/28	gan 15 40		1030	0
7/28	gan 15 40			308
7/28	gan 15 40			0

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# Revenue Memorandum Circular No. 68-17.

## Background:

- In meritorious cases and upon written authority of the Commissioner of Internal Revenue the use of the general journal and the general ledger in **loose-leaf form may be allowed.** (Revenue Regulations No. V-1)



# Revenue Memorandum Circular No. 68-17.

## Loose-leaf Books and Other Records, Meaning:

- It is a recording of transactions through encoding of details/description in the computer and generate copy by printing out using approved loose-leaf format to be bound as the bookkeeping record of the taxpayer

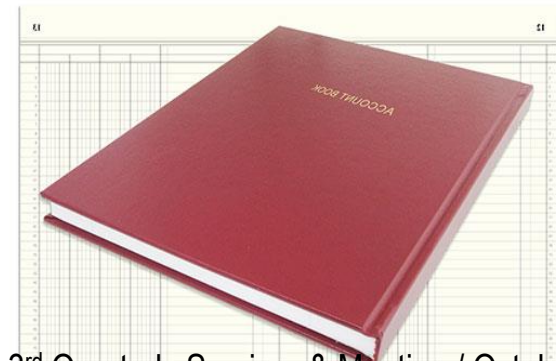
### From Loose Leaf- Computer Printed

Cash Book Report 01 Apr 2013 To 30 Apr 2013 Generated By Kamia Nagar @ 30 Apr 2013 3:45 PM

Date	Description	Received	Payment	Balance	Accept By	TimeStamp
	Opening Balance	0.00				
29 Apr 2013	Recd. Agt. Invoice# 27	250.00	0.00	250.00	Kamia Nagar	29 Apr 2013 1:13 PM
29 Apr 2013	Recd. Agt. Invoice# 27	31.00	0.00	281.00	Kamia Nagar	29 Apr 2013 1:13 PM
29 Apr 2013	Recd. Agt. Invoice# 28	250.00	0.00	531.00	Kamia Nagar	29 Apr 2013 1:14 PM
29 Apr 2013	Recd. Agt. Invoice# 29	203.00	0.00	734.00	Kamia Nagar	29 Apr 2013 2:01 PM
29 Apr 2013	Paid To gab ( tes )	0.00	200.00	534.00	Kamia Nagar	29 Apr 2013 8:09 PM
29 Apr 2013	Recd. Agt. Invoice# 32	69.00	0.00	603.00	Kamia Nagar	29 Apr 2013 8:25 PM
29 Apr 2013	Recd. Agt. Invoice# 32	100.00	0.00	703.00	Kamia Nagar	29 Apr 2013 8:29 PM
30 Apr 2013	Recd. Agt. Invoice# 24	5899.00	0.00	6602.00	Kamia Nagar	30 Apr 2013 3:25 PM
30 Apr 2013	Recd. Agt. Invoice# 26	1686.00	0.00	8288.00	Kamia Nagar	30 Apr 2013 3:25 PM
30 Apr 2013	Recd. Agt. Invoice# 28	13.00	0.00	8301.00	Kamia Nagar	30 Apr 2013 3:25 PM
30 Apr 2013	Recd. Agt. Invoice# 30	57.00	0.00	8358.00	Kamia Nagar	30 Apr 2013 3:25 PM
30 Apr 2013	Recd. Agt. Invoice# 31	113.00	0.00	8471.00	Kamia Nagar	30 Apr 2013 3:25 PM
	SubTotal	8671.00	200.00			
	Closing Balance			8471.00		

TO BE

### Book Bounded



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# Revenue Memorandum Circular No. 68-17.

## Issue:

- Where to file Application for PTU Loose-leaf Books of Accounts/Invoices/Receipts and Other Accounting Records?



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# Where to File Application for PTU?

## Before RMC 68-17

- Approval of PTU is by the Regional Director through its Legal Division (RMC No. 13-82)

## Under RMC 68-17

- In line of “Ease in doing Business”, it shall now be done by RDO.

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## Q & A

- **Where to file the Application of PTU?**
  - **It shall be filed at the Home RDO of the Taxpayer.**

## Q & A

- **Where to file the Application for PTU for registered branches of the Taxpayer?**

It shall be filed at the Home RDO of the Taxpayer. Thus, the PTU issued to the Home Office shall cover all identified registered branches and shall be valid in any RDO where the taxpayer has registered at the time of issuance. A certified true copy issued by the Home RDO must be furnished to each branch using the approved loose-leaf.

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## Q & A

- **Is a separate PTU needs to be applied in case of newly registered branches?**

**In case of newly registered branches, updating of PTU shall be required for subsequent additional branches.**



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE  
REVENUE REGION NO. 7 – QUEZON CITY  
RDO NO. 040 -CUBAO

ANNEX 'A'

PERMIT NO.: LLAR-RDO-MMY-XXXXX  
DATE OF ISSUE: 30 JANUARY 2017

**PERMIT TO USE (PTU) LOOSE-LEAF**  
Books of Accounts/Invoices/Receipts and other Accounting Records

TIN: 257-185-805-00000

**ANNO SEYOU, INC.**

27 CONGRESSIONAL AVE., COR. AKBAG ST MIRANILA HOMES SUBD BRGY PASONG TAMO,  
TANDANG SORA, QUEZON CITY

Gentlemen:

Permit is hereby granted on your application for Permit to Use Loose-Leaf, subject to the requirements contained in BIR Revenue Memorandum Circular No. 13-82 dated May 28, 1982, as amended:

Receipts/Invoices/Accounting Records

- Sales Invoice
- Collection Receipt
- Debit & Credit Memo

Books of Accounts

- Voucher Register
- Journal Book
- General Ledger
- Cash Receipt Book
- Purchase Book

At the close of each calendar/fiscal year or upon the termination of your use thereof, but not later than fifteen (15) days after the end of each taxable year, the loose-leaf forms authorized to be used should be permanently bound and serially numbered. A certificate under oath as to the correctness of the entries therein and the number of the loose-leaf used for the period covered should be made and submitted to the RDO/LTAD/LTD/ELTRD for verification and authentication.

All your books of accounts and other accounting records as well as the loose-leaf forms authorized to be used herein should be preserved intact, unaltered and unmutilated for a period of not less than ten (10) years in the same manner as your other principal books of accounts are kept, pursuant to the provisions of Revenue Regulations 17-2013, as amended.

Should you change your present loose-leaf form with permanent bound ones, the same should first be presented to the RDO/LTAD/LTD/ELTRD concerned for approval and registration before they are used.

Any violation of the provisions of the Bookkeeping Regulations shall be sufficient ground for the cancellation or withdrawal of this permit.

This Permit to Use Loose-Leaf forms shall be valid in any RDO and shall cover all the identified registered branches:

<u>TIN</u>	<u>BUSINESS NAME</u>	<u>REGISTERED ADDRESS</u>
1. 257-185-805-00001	A-1 KOH SEYOU	85 Salcedo Village, Makati City
2. 257-185-805-00002	LENNY ROGERS SPA	85 Quezon Ave, South Triangle, Quezon City
3.		

Any additional branches will require updating of this permit by surrendering the original copy.

<attached separate sheet with RDO/ACIR LTS signature, if necessary>

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Presented by: RD Marina C. De Guzman

Revenue District Officer/Assistant Commissioner  
RDO No. 40 - Cubao/LTS

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# Requirements for Application of PTU?

## REQUIREMENTS

1. Duly Accomplished BIR Form No. 1900;
2. Sample Format and Print-out to be used;



# Requirements for Application of PTU?

## REQUIREMENTS

3. Sworn Statement, specifying the following:

i.) Identifying the books to be used, invoices /receipts and other accounting records together with the serial numbers of principal and supplementary invoices/receipts to be printed.

# Requirements for Application of PTU?

## REQUIREMENTS

3. Sworn Statement, specifying the following:

ii.) Commitment to permanently bind the loose-leaf forms within fifteen (15) days after the end of each taxable year or upon the termination of its use.

# Update No. 4

## Revenue Regulations No. 05-17



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# Revenue Regulations No. 05-17.

## Subject:

**Rules and Regulations Implementing R.A. No. 10754, entitled “An Act Expanding the Benefits and Privileges of Person with Disability and Tax Incentives for Establishments Granting Sales Discount, and Prescribing the Guidelines for the Availment Thereof, Amending RR No. 1-2009.**

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# DEFINATION OF TERMS.

## **Person with Disability (PWD)**

— are those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.

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# DEFINATION OF TERMS.

## Benefactor

— shall refer to a Filipino citizen or resident alien, caring for, giving chief support and living with the PWD, who is in the fourth (4th) civil degree of consanguinity or affinity claiming such PWD as dependent.

# DEFINATION OF TERMS.

## **PWD-Dependent**

**— shall refer to a Filipino citizen who is a PWD, whether minor or of legal age, related to the benefactor within the fourth (4th) civil degree of consanguinity or affinity, not gainfully employed and who is living with and chiefly dependent upon such benefactor for his/her support.**

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## Sales Discounts Which may be Claimed by Qualified Persons with Disability (PWD).

At least twenty percent (20%) discount from sale of goods and services for their exclusive use and enjoyment or availment of the PWD:

- 1) Hotels and similar lodging establishments; restaurants and recreation centers;
- 2) Theaters, cinema houses, concert halls, circuses, carnivals and other similar places of culture, leisure and amusement;
- 3) All drugstores regarding purchase of generic and branded medicine;



## Sales Discounts Which may be Claimed by Qualified Persons with Disability (PWD).

At least twenty percent (20%) discount from sale of goods and services for their exclusive use and enjoyment or availment of the PWD:

- 4) Medical and dental services including diagnostic and laboratory fees (e.g., x-rays, computerized tomography scans and blood tests) and professional fees of attending doctors in all government facilities or all private hospitals and medical facilities subject to the guidelines to be issued by the DOH, in coordination with the Philippine Health Insurance Corporation (PhilHealth);
- 5) Domestic air and sea transportation based on the actual fare. For promotional fares, the PWD can avail the establishment's offered discount or the 20% discount provided herein, whichever is higher and more favorable;

## Sales Discounts Which may be Claimed by Qualified Persons with Disability (PWD).

At least twenty percent (20%) discount from sale of goods and services for their exclusive use and enjoyment or availment of the PWD:

- 6) Land transportation privileges based on the actual fare such as, public utility buses or jeepneys (PUBs/PUJs), taxis, Asian Utility Vehicles (AUVs), shuttle services and public railways such as Light Rail Transit (LRT), Metro Rail Transit (MRT), Philippine National Railways (PNR), and such other similar infrastructure that will be constructed, established and operated by public or private entity; and

# Sales Discounts Which may be Claimed by Qualified Persons with Disability (PWD).

At least twenty percent (20%) discount from sale of goods and services for their exclusive use and enjoyment or availment of the PWD:

- 7) **Funeral and burial services for the death of the PWD:** Provided, that the beneficiary or any person who shall shoulder the funeral and burial expenses of the deceased PWD shall claim the discount under this rule for the deceased PWD upon presentation of the death certificate and PWD Identification Card (ID) or in its absence, the original or certified true copy of the proof of registration from the issuing local government unit. Such expenses shall cover the purchase of casket or urn, embalming, hospital morgue, transport of the body to intended burial site in the place of origin, but shall exclude obituary publication and the cost of the memorial lot.

# Sales Discounts Which may be Claimed by Qualified Persons with Disability (PWD).

## Important Note:

**All other goods and services sold by the foregoing establishments not included in the above enumeration expressly provided by law shall not be considered for the 20% discount privilege notwithstanding that the same are for the exclusive use and enjoyment or availment of the PWD.**

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## Computation of the Discount and VAT Exemption

<b>Amount of sale (with VAT)</b>	<b>P1,120.00</b>
<b>Less: 12% VAT</b>	<u><b>120.00</b></u>
<b>Total Amount</b>	<b>1,000.00</b>
<b>Less: 20% Sales Discount</b>	<u><b>200.00</b></u>
<b>Total Amount Due</b>	<b>P 800.00</b>
	<b>=====</b>

## Entitlement of Business Establishments

- **All establishments which granted sales discounts on their sale of goods and/or services to PWD may claim the said discount as deduction from the gross income for the same taxable year that the discount is granted; Provided that, the name of PWD and the PWD Identification Card (PWD ID) No. are reflected in the required record of sales for PWD.**

# Entitlement of Business Establishments

- **As expressly provided by law, the total amount of the claimed tax deduction net of VAT, if applicable, shall be included in their gross sales receipt for tax purposes and shall be subject to proper documentation and to the provisions of National Internal Revenue Code (NIRC), as amended, thus if there are no name of PWD and PWD Identification Card (PWD ID) No. in the records of sales, the sales discount claimed as deduction by business establishments shall be disallowed.**

# Entitlement of Business Establishments

- **For percentage taxpayer, the amount of sales discounts shall be excluded for purposes of computing the three percent (3%) percentage tax but shall be included as part of the gross sales/receipts for income tax purposes. The sales discount granted shall then be accounted as deduction from the gross income of the establishment for the same taxable year that the discount was granted.**



# Computation of Discount / Percentage Tax Due on Non-VAT Taxpayer

<b>Sales/Receipts</b>	<b>P1,120.00</b>
<b>Less: 20% Discount</b>	<u><b>224.00</b></u>
<b>Amt. Payable by PWD/Received by Seller</b>	<b>896.00</b>
<b>Multiply by tax rate x</b>	<u><b>3%</b></u>
<b>Percentage Tax Due</b>	<b>P26.88</b>
	<b>=====</b>

## Policies / Treatment of PWD Discount.

- **Only that portion of the gross sales exclusively used, consumed or enjoyed by the PWD shall be eligible for the deductible sales discount;**
- **The sales discount shall be treated as a necessary and ordinary expense duly deductible from the gross income of the seller falling under the category of itemized deductions;**
- **The sales discounts shall not be accounted as deductible expense for taxpayers availing the Optional Standard Deduction (OSD);**

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## Policies / Treatment of PWD Discount.

- **The amount of sales discount shall only be allowed as itemized deduction from gross income for the same taxable year that the discount is granted;**
- **The gross selling price and the sales discount must be separately indicated in the official receipt or sales invoice issued by the establishment for the sale of goods or services to the PWD;**

## Policies / Treatment of PWD Discount.

**The foregoing privileges granted to PWD shall not be claimed if the said PWD claims a higher discount as may be granted by the commercial establishment and/or under other existing laws or in combination with other discount program/s. Thus, a PWD who is at the same time a senior citizen can only claim one 20% discount on a particular sales transaction.**

## Additional Exemptions of Benefactors of Qualified Persons with Disability.

Effective taxable year 2016, a Benefactor of a qualified PWD, may claim the additional exemption of twenty-five thousand pesos (P25,000) for each PWD, if such PWD, regardless of age, satisfies all of the following:

- a. Filipino citizen;
- b. within the fourth (4th) civil degree of consanguinity or affinity to the taxpayer/benefactor;
- c. not gainfully employed; and
- d. chiefly dependent upon and living with the taxpayer/benefactor.

## Additional Exemptions of Benefactors of Qualified Persons with Disability.

- The total number of dependents (qualified dependent children and/or qualified dependent PWD) for which additional exemptions may be claimed by the taxpayer/benefactor shall not exceed four (4);
- The additional exemptions for qualified dependent PWD shall be claimed only by one taxpayer or by one of the spouses in the case of married individuals;
- In the case of legally separated spouses, additional exemptions may be claimed only by the spouse who has custody of the child or children or PWD: Provided, that the number of additional exemptions that may be claimed by both shall not exceed the maximum additional exemptions of four (4);

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## **Additional Exemptions of Benefactors of Qualified Persons with Disability.**

**The Taxpayer/Benefactor of the persons with disability shall submit the following documentary requirements to the Revenue District Office (RDO) where he is registered in order to claim the additional exemption, for the first year of claiming the exemption and after three (3) years or upon renewal of the PWD ID whichever comes first:**

- a. Duly accomplished BIR Form No. 2305;**
- b. Photocopy of PWD Identification Card issued by the Persons with Disability Affairs Office (PDAO) or the City/Municipal Social Welfare and Development Office (C/MSWDO) of the place where the person with disability resides or the National Council on Disability Affairs (NCDA);**

## **Additional Exemptions of Benefactors of Qualified Persons with Disability.**

**The Taxpayer/Benefactor of the persons with disability shall submit the following documentary requirements to the Revenue District Office (RDO) where he is registered in order to claim the additional exemption, for the first year of claiming the exemption and after three (3) years or upon renewal of the PWD ID whichever comes first:**

- c. Sworn Declaration/Identification of Qualified Dependent PWD, Support and Relationship;**
- d. Birth Certificate of PWD;**
- e. Medical Certificate attesting to disability issued by in accordance with the Implementing Rules and Regulations of R.A. 10754; and**
- f. Barangay Certification certifying that the PWD is living with the benefactor.**



## Proof of Entitlement.

The privileges under the Act and in these Regulations available to **PWD** who are Filipino citizens may only be granted upon presentation of any of the following proof of his/her entitlement thereto:

- An identification card issued by the Office of Persons with Disability Affairs (PDAO) or the City/Municipal Social Welfare and Development Office (C/MSWDO) of the place where the PWD resides; or
- The passport of the PWD concerned with apparent disability; or
- An Identification Card (ID) issued by the National Council on Disability Affairs (NCDA).

# Update No. 5

## Revenue Memorandum Circular No. 43-17



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# REVENUE MEMORANDUM CIRCULAR NO. 43-2017

## **SUBJECT:**

**Availability of New Versions of the Update of Exemption of Employees (UEE) Data Entry Module in Filing of the BIR Form No. 2305 (Certificate of Update of Exemption and of Employers and Employee's Information) and 2305 Batch File Validation Module.**

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# REVENUE MEMORANDUM CIRCULAR NO. 43-2017

- Updates in the new versions include the acceptance of **Persons with Disability (PWD) Pursuant to RA No. 10754.**
- **Download the New Versions of the Update of Exemption of Employees (UEE) Data Entry Module at:**
- <http://www.bir.gov.ph/index/php/downloadables.html>.

# REVENUE MEMORANDUM CIRCULAR NO. 43-2017

- The following work around procedures shall be followed to allow the data entry of a qualified PWD dependent as an additional exemption:
  1. In Part III – Additional Exemptions of BIR Form No. 2305, encode the name and birthdate of the qualified PWD dependent;
  2. Tick the : “Mark if PWD/Mentally/Physically Incapacitated” box; and
  3. Click the save button after encoding all the required information.

# REVENUE MEMORANDUM CIRCULAR NO. 43-2017

Every employer should ascertain whether a PWD, regardless of age, being claimed as a dependent, is qualified by satisfying the following conditions:

1. Filipino Citizen;
2. Within the 4<sup>th</sup> degree of consanguinity or affinity to the taxpayer/benefactor;
3. Not gainfully employed; and
4. Chiefly dependent upon and living with the taxpayer/benefactor.

# REVENUE MEMORANDUM CIRCULAR NO. 43-2017

In order to claim the PWD as a qualified dependent, employees shall submit the following documents to their employers, for the first year of claiming the exemption and three (3) years thereafter or upon renewal of the PWD ID whichever comes first:

- a.** Duly accomplished BIR Form 2305;
- b.** Photocopy of PWD Identification Card issued by the PDAO or the C/MSWDO of the place where the person with disability resides or the NCDA;
- c.** Sworn Declaration/Identification of Qualified Dependent PWD, Support and Relationship
- d.** Birth Certificate of PWD;
- e.** Medical Certificate attesting to disability issued by in accordance with the IRR.
- f.** Barangay Certification attesting to the fact that the PWD is living with the benefactor.

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**In today's environment,  
Hoarding knowledge ultimately  
erodes your power.**

**If you know something  
very important, the way to get  
Power is by actually sharing it.**

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TULUNGAN NATIN ANG BAYAN



PARA SA TUNAY NA PAGBABAGO

END OF PRESENTATION...

**THANK YOU !**

**Have a nice day!**



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