



Bureau of Internal Revenue
Republic of the Philippines

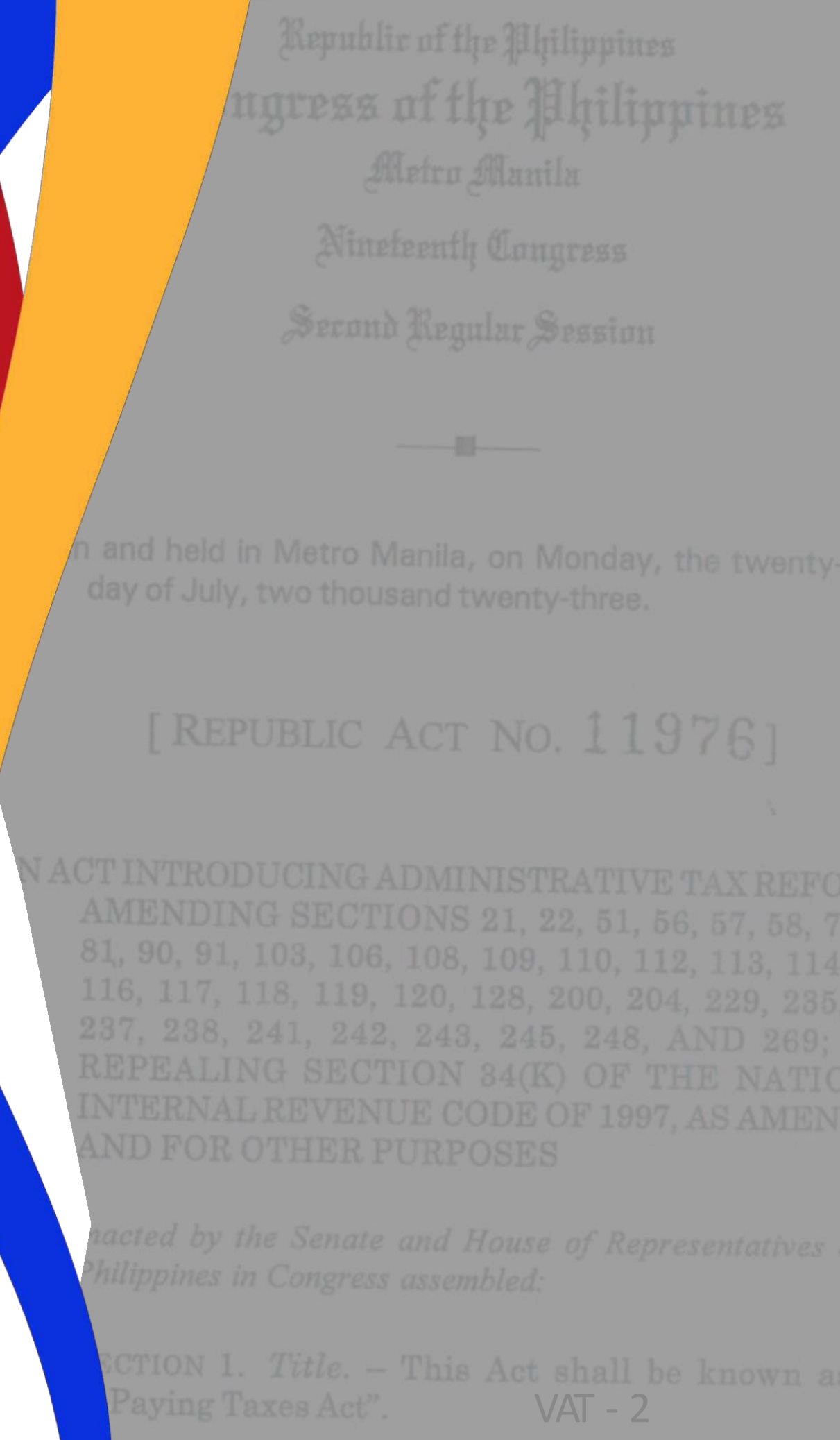
Ease of Paying Taxes Act

Republic Act No. 11976



Revenue Regulations No. 3-2024

Implementing the Amendments Introduced by Republic Act No. 11976, or the “*Ease of Paying Taxes Act*”, on the Relevant Provisions of Title IV – **Value-Added Tax (VAT)** and Title V – **Percentage Tax** of the National Internal Revenue Code of 1997, as amended (Tax Code)



I. Highlights of the Amendments on VAT and Percentage Taxes

- (1) Shift from **cash basis** to **accrual basis** for both sales of goods and services, including **transactions to government** or any of its political subdivisions, instrumentalities or agencies, and government-owned or-controlled corporations (GOCCs)
 - Thus, all references to “gross selling price”, “gross value in money” and “gross receipts” shall now be referred to as “GROSS SALES” regardless of whether the sale is for goods or for services;

I. Highlights of the Amendments on VAT and Percentage Taxes

- All references to “sales invoice” or “official receipts” shall now be referred to as “INVOICE”
- All references to “receipts” or “payments” which is the basis for the recognition of sales of service under Title IV (Value-Added Tax) and Title V (Percentage Tax) of the Tax Code, shall now be referred to as “BILLING” or “BILLED”, whichever is applicable

I. Highlights of the Amendments on VAT and Percentage Taxes

- (2) Under the new definition of “**gross sales**” for sale of services, the issuance of invoice is when the service **has already been rendered** or the use or lease of properties **have already been supplied** by the seller.
- Previous provisions on “**deposits and advance payments**”, and “**services to be performed**”, had been removed
 - For long-term contracts for a period of one (1) year or more, the invoice shall be issued on the month in which the service, or use or lease of properties is rendered or supplied.

I. Highlights of the Amendments on VAT and Percentage Taxes

- (6) Output VAT credit on uncollected receivables.- A seller of goods or services may deduct the output VAT pertaining to uncollected receivables from its output VAT on the next quarter after the lapse of the agreed upon period to pay: *Provided*, That the seller has fully paid the VAT on the transaction: *Provided, further*, That the VAT component of the uncollected receivables has not been claimed as allowable deduction under Sec. 34(E) of this Code.

In case of recovery of uncollected receivables, the output VAT pertaining thereto shall be added to the output VAT of the taxpayer during the period of recovery.

I. Highlights of the Amendments on VAT and Percentage Taxes

Output VAT credit on uncollected receivables: Requisites

- a) The sale or exchange has taken place after the effectivity of the RR
- b) The sale is on credit or account
- c) There is a written agreement on the period to pay the receivable
- d) The VAT is separately shown in the invoice
- e) The sale is specifically reported in the Summary List of Sales, and not reported as as part of “various” sales
- f) The seller declared in the tax return the corresponding output VAT indicated in the invoice within the period prescribed under existing rules
- g) The period agreed upon, whether extended or not, has elapsed
- h) The VAT component of the uncollected receivable was not claimed as a deduction from gross income (*i.e.*, bad debt)

I. Highlights of the Amendments on VAT and Percentage Taxes

- (11) Removal of “business-style” in the VAT invoice
- (12) In case the issued VAT invoice lacks the require information, the issuer shall be liable for **non-compliance** with the invoicing requirement, however, the VAT shall still be **allowed** to be used as input VAT credit on the part of the purchaser, **except** if the lacking information pertain to **any** of the following:
 - (a) amount of sales;
 - (b) amount of VAT;
 - (c) name and TIN of both seller and purchaser;
 - (d) description of goods or nature of services; or,
 - (e) date of the transaction.



REVENUE MEMORANDUM CIRCULAR NO. 68-2024 issued on June 19, 2024

This Circular is issued to prescribe the newly revised BIR Form No. 2550Q [Quarterly Value- Added Tax (VAT) Return] April 2024 (ENCS) version.

The said return, attached herein as Annex "A", contains the items/fields listed below in compliance with the provisions of Republic Act (R.A.) No. 11976, otherwise known as the "Ease of Paying Taxes (EOPT) Act":





REVENUE MEMORANDUM CIRCULAR NO. 68-2024 issued on June 19, 2024

Item No.	Particulars
35	Output VAT on Uncollected Receivables
36	Output VAT on Recovered Uncollected Receivables Previously Deducted
55	Input VAT on Unpaid Payables
58	Input VAT on Settled Unpaid Payables Previously Deducted

I. Highlights of the Amendments on VAT and Percentage Taxes

- (13) Filing of tax return and payment of tax shall now be made either electronically or manually
- To implement this, taxpayer shall **file electronically** in any of the available electronic platforms; however, in case of **unavailability** the electronic platforms, manual filing of tax returns shall be allowed.
 - For **tax payment** with corresponding due dates, the same shall be made **electronically** in any of the available electronic platforms or **manually** to any AABs and RCOs.

III. Transitory Provisions of RR No. 3-2024

SECTION 7. Transitory Provisions

(a) Billed but uncollected sale of services. –

- (1) RR No. 3-2024 shall apply to sale of services that transpired after its effectivity (Note: Effectivity of RR is on **27 April 2024, following posting in BIR website on 12 April 2024**)
- (2) For outstanding receivables on services on account prior to the effectivity of the RR, the corresponding output VAT shall be declared once it has been collected.
- (3) In case of collection, the sales and corresponding output VAT therefrom shall be declared in the quarterly VAT return when the collection was made and shall be supported with an Invoice

III. Transitory Provisions of RR No. 3-2024

- (b) Uncollected receivables from sale of goods as of the effectivity of these Regulations –***
- (1) Claim of output tax credit on uncollected receivables shall only apply to transactions that transpired upon the effectivity of the RR (**i.e., on 27 April 2024**). No output tax credit shall be allowed for outstanding receivables from sale of goods on account prior to the effectivity of the RR.