COMMITTEE REPORT NO. 826

Submitted by the Committees on Ways and Means on MAR 09 2021

Re: House Bill No. 8942

Recommending its approval in substitution of House Bills Numbered 7415 and 7881

Sponsor: Representative Joey Sarte Salceda

Mr. Speaker:

The Committees on Ways and Means to which were referred House Bill No. 7415, introduced by Reps. Eduardo “Bro. Eddie” C. Villanueva and Domingo C. Rivera, entitled:

“AN ACT PROVIDING FOR SIMPLIFIED REGISTRATION, FILING OF RETURNS AND PAYMENT OF INCOME AND PERCENTAGE TAXES AND PROVIDING TAX RELIEF FOR MICRO-ENTERPRISES, AMENDING FOR THE PURPOSE SECTIONS 74, 128, AND 236 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED,” and

House Bill No. 7881, introduced by Rep. Joey Sarte Salceda, entitled:


has considered the same and recommends that the attached House Bill No. 8942, entitled:


Respectfully submitted,

[Signature]

REP. JOEY SARTE SALCEDA
Chairperson
Committee on Ways and Means

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY
Republic of the Philippines

HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8942
(in substitution of House Bills No. 7415 and 7881)


AN ACT
INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING
ACT NO. 8424, OTHERWISE KNOWN AS “THE NATIONAL INTERNAL
REVENUE CODE OF 1997”, AS AMENDED

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1. SECTION 1. Title. – This Act shall be known as the “Ease of Paying Taxes Act.”

2. SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State:

   (1) To provide a healthy environment for the tax paying public that protects and safeguards taxpayer rights and welfare, as well as assures the fair treatment of all taxpayers;

   (2) To modernize tax administration and improve its efficiency and effectiveness by providing mechanisms that encourage proper and easy compliance at the least cost and resources possible;

Page 1 of 17
(3) To update the taxation system, adopt best practices, and replace antiquated
procedures such as requiring the filing of a return or declaration for the payment of taxes or the
"pay as you file" system and restriction of venue for filing and payment; and

(4) To enact policies and procedures which are appropriate to different types of
taxpayers.

SEC. 3. Section 21 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

"SEC. 21. Sources of Revenue[. --] AND CLASSIFICATION OF
TAXPAYERS.--

(A) The following taxes, fees and charges are deemed to be national
internal revenue taxes:

"(a) Income tax;
"(b) Estate and donor's taxes;
"(c) Value-added tax;
"(d) Other percentage taxes;
"(e) Excise taxes;
"(f) Documentary stamp taxes; and
"(g) Such other taxes as are or hereafter may be imposed and
collected by the Bureau of Internal Revenue.

"(B) CLASSIFICATION OF TAXPAYERS-- FOR PURPOSES OF
RESPONSIVE TAX ADMINISTRATION, THE SECRETARY OF
FINANCE, UPON RECOMMENDATION OF THE COMMISSIONER,
SHALL ESTABLISH REASONABLE CRITERIA FOR CLASSIFYING
TAXPAYERS, TAKING INTO CONSIDERATION THEIR CAPACITY
TO COMPLY WITH TAX RULES AND REGULATIONS, THE
AMOUNT AND TYPE OF TAX PAID, THE GROSS SALES AND/OR
RECEIPTS OF THE TAXPAYER, AS WELL AS INFLATION,
VOLUME OF BUSINESS, WAGE AND EMPLOYMENT LEVELS, AND
SIMILAR ECONOMIC AND FINANCIAL FACTORS: PROVIDED,
THAT THE SECRETARY OF FINANCE SHALL PROVIDE
CLASSIFICATIONS FOR LARGE AND MEDIUM TAXPAYERS AND
INTRODUCE ADDITIONAL CLASSIFICATION OF TAXPAYERS AS
MAY BE DEEMED NECESSARY AND REASONABLE TO ACHIEVE
BETTER SERVICE AND TAX ADMINISTRATION: PROVIDED,
FURTHER, THAT FOR EVERY CLASS OF TAXPayers, THE
BUREAU OF INTERNAL REVENUE MAY PROVIDE FOR A SPECIAL
UNIT TO CATER TO THE NEEDS OF TAXPAYERS UNDER SUCH
CLASSIFICATION: PROVIDED, FINALLY, THAT, FOR EASE OF
COMPLIANCE TO TAX RULES AND REGULATIONS, SIMPLIFIED
TAX RETURNS AND PROCESSES SHALL BE IMPLEMENTED FOR
TAXPAYERS NOT CLASSIFIED AS MEDIUM OR LARGE.”

SEC. 4. Section 22 of the National Internal Revenue Code of 1997, as amended, is
hereby further amended to read as follows:

“SEC. 22. Definitions. — When used in this Title:

x x x

(II) THE TERM “FILING OF RETURN” SHALL REFER TO
THE ACT OF ACCOMPLISHING AND SUBMITTING THE
PRESCRIBED TAX RETURN TO THE BUREAU OF INTERNAL
REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED
UNDER EXISTING RULES AND REGULATIONS.

(JJ) THE TERM “PAYMENT OF TAX” OR “REMITTANCE OF
TAX” SHALL REFER TO THE ACT OF DELIVERING THE AMOUNT
OF TAX DUE OR WITHHELD TO THE BUREAU OF INTERNAL
REVENUE AS REQUIRED UNDER THIS CODE OR AS PRESCRIBED
UNDER EXISTING RULES AND REGULATIONS.”

SEC. 5. Section 51 of the National Internal Revenue Code of 1997, as amended, is
hereby further amended to read as follows:

“SEC. 51. Individual Returns. –

x x x

(B) Where to File. - Except in cases where the Commissioner otherwise
permits, the return shall be filed with [an] ANY authorized agent bank, Revenue
District Officer, Collection Agent [or duly authorized Treasurer of the city or
municipality in which such person has his legal residence or principal place of
business in the Philippines], or if there be no legal residence or place of business
in the Philippines, with the Office of the Commissioner.”

x x x

SEC. 6. Section 56 of the National Internal Revenue Code of 1997, as amended, is
hereby further amended to read as follows:
“SEC. 56. Payment and Assessment of Income Tax for Individuals
and Corporations.—

(A) Payment of Tax.—

(1) In General.—The total amount of tax imposed by this Title shall be
paid by the person subject thereto [at the time] DURING the FILING OF THE
return [is filed], OR BEFORE IT IS DUE. In the case of tramp vessels, the
shipping agents and/or the husbanding agents, and in their absence, the captains
thereof are required to file the return herein provided and pay the tax due
thereon before their departure. Upon failure of the said agents or captains to file
the return and pay the tax, the Bureau of Customs is hereby authorized to hold
the vessel and prevent its departure until proof of payment of the tax is
presented or a sufficient bond is filed to answer for the tax due.”

SEC. 7. Section 58 of the National Internal Revenue Code of 1997, as amended, is
hereby further amended to read as follows:

“SEC. 58. Return and Payment of Taxes Withheld at Source.—

(A) Quarterly Returns and Payments of Taxes Withheld.—Taxes
deducted and withheld under Section 57 by withholding agents shall be covered
by a return and paid to, except in cases where the Commissioner otherwise
permits, an authorized agent bank, Revenue District Officer, OR Collection
Agent []; or duly authorized Treasurer of the city or municipality where the
withholding agent has his legal residence or principal place of business, or
where the withholding agent is a corporation, where the principal office is
located].”

SEC. 8. Section 77 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 77. Place and Time of Filing and Payment of Quarterly
Corporate Income Tax.—

(A) Place of Filing.—Except as the Commissioner otherwise
permits, the quarterly income tax declaration required in Section 75 and the
final adjustment return required in Section 76 shall be filed with the authorized
agent banks or Revenue District Officer or Collection Agent [or duly authorized
Treasurer of the city or municipality having jurisdiction over the location of the
principal office of the corporation filing the return or place where its main books
of accounts and other data from which the return is prepared are kept].

(B) x x x

(C) Time of Payment of the Income Tax. – The income tax due on the
corporate quarterly returns and the final adjustment income tax returns
computed in accordance with Sections 75 and 76 shall be paid [at the time]
DURING THE FILING OF the declaration or return [is filed], OR BEFORE
IT IS DUE, in a manner prescribed by the Commissioner.”

SEC. 9. Section 81 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 81. Filing of Return and Payment of Taxes Withheld. – Except
as the Commissioner otherwise permits, taxes deducted and withheld by the
employer on wages of employees shall be covered by a return and paid to an
authorized agent bank, REVENUE DISTRICT OFFICER, OR Collection
Agent [, or the duly authorized Treasurer of the city or municipality where the
employer has his legal residence or principal place of business, or in case the
employer is a corporation, where the principal office is located].”

x x x

SEC. 10. Section 90 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 90. Estate Tax Returns. –

x x x

(D) Place of Filing. – Except in cases where the Commissioner
otherwise permits, the return required under Subsection (A) shall be filed with
an authorized agent bank, or Revenue District Officer, Collection Officer [, or
duly authorized Treasurer of the city or municipality in which the decedent was
domiciled at the time of his death] or if there be no legal residence in the
Philippines, with the Office of the Commissioner.”

SEC. 11. Section 91 of the National Internal Revenue Code of 1997, as amended, is
hereby further amended to read as follows:

“SEC. 91. Payment of Tax. –

(A) Time of Payment. – The estate tax imposed by Section 84 shall be
paid [at the time] ON OR BEFORE the return is filed by the executor,
administrator or the heirs.”
SEC. 12. Section 103 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 103. Filing of Return and Payment of Tax. —
(A) x x x
(B) Time and Place of Filing and Payment. — The return of the donor required in this Section shall be filed within thirty (30) days after the date the gift is made and the tax due thereon shall be paid [at the time of filing] DURING THE FILING OF THE DECLARATION OR RETURN, OR BEFORE IT IS DUE, IN A MANNER PRESCRIBED BY THE COMMISSIONER. Except in cases where the Commissioner otherwise permits, the return shall be filed and the tax paid to an authorized agent bank, [the] Revenue District Officer, OR Revenue Collection Officer [or duly authorized Treasurer of the city or municipality where the donor was domiciled at the time of the transfer, or if there be no legal residence in the Philippines, with the Office of the Commissioner]. In the case of gifts made by a nonresident, the return may be filed with the Philippine Embassy or Consulate in the country where he is domiciled at the time of the transfer, or directly with the Office of the Commissioner."

SEC. 13. Section 106 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 106. Value-Added Tax on Sale of Goods or Properties. —
(A) Rate and Base of Tax. — x x x
(1) x x x
(a) x x x
(b) x x x
(c) x x x
(d) x x x
(e) x x x

FOR PURPOSES OF THIS SECTION, [The] THE term ‘gross selling price’ means the total amount of money or its equivalent which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods or properties, excluding the value-added tax."
The excise tax, if any, on such goods or properties shall form part of the gross selling price.

(2) x x x

(B) x x x

(C) x x x

(D) Sales Returns, Allowances and Sales Discounts. – The value of goods or properties sold and subsequently returned or for which allowances were granted by a VAT-registered person may be deducted from the gross sales or [receipts] GROSS SELLING PRICE for the quarter in which a refund is made or a credit memorandum or refund is issued. Sales discount granted and indicated in the invoice at the time of sale and the grant of which does not depend upon the happening of a future event may be excluded from the gross sales within the same quarter it was given.”

(E) x x x

SEC. 14. Section 108 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 108. Value-added Tax on Sale of Services and Use or Lease of Properties. –

(A) Rate and Base of Tax. – There shall be levied, assessed and collected, a value-added tax equivalent to twelve percent (12%) of THE gross [receipts] SELLING PRICE derived from the sale or exchange of services, including the use or lease of properties.”

x x x

FOR PURPOSES OF THIS SECTION, [The] THE term ‘gross [receipts] SELLING PRICE’ means the total amount of money or its equivalent [representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person,] WHICH THE PURCHASER PAYS OR IS OBLIGATED TO PAY TO THE SELLER IN CONSIDERATION OF THE SALE, BARTER, OR EXCHANGE OF SERVICES AND THE USE OR LEASE OF PROPERTIES, excluding value-added tax.

x x x
SEC. 15. Section 109 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 109. Exempt Transactions. –

(1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

x x x

(BB) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales [and/or receipts] do not exceed the amount of Three million pesos (P3,000,000): PROVIDED, THAT THE AMOUNT HEREIN STATED SHALL BE ADJUSTED TO ITS PRESENT VALUE NOT LATER THAN JANUARY 31, 2021, AND EVERY THREE (3) YEARS THEREAFTER, BASED ON THE CONSUMER PRICE INDEX THAT IS PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA).

SEC. 16. Section 110 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 110. Tax Credits. –

(A) Creditable Input Tax. –

(1) Any input tax evidenced by a VAT invoice [or official receipt] issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:

(a) Purchase or importation of goods:

(i) For sale; or

(ii) For conversion into or intended to form part of a finished product for sale including packaging materials; or

(iii) For use as supplies in the course of business; or

(iv) For use as materials supplied in the sale of service; or

(v) For use in trade or business for which deduction for depreciation or amortization is allowed under this Code.

(b) Purchase of services on which a value-added tax has been actually paid."

x x x

SEC. 17. Section 112 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:
(C) Period within which THE Refund of Input Taxes shall be Made.

In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the [official receipt or] invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof. Provided, That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.

SEC. 18. Section 113 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

(SEC. 113. Invoicing and Accounting Requirements for VAT-Registered Persons. —

(A) Invoicing Requirement[s]. — A VAT-registered person shall issue:

(1) A VAT invoice for every sale, barter or exchange OR LEASE of goods or properties [, and

(2) A VAT official receipt for every lease of goods or properties[,] and for every sale, barter or exchange of services.”

(B) Information Contained in the VAT Invoice [or VAT Official Receipt]. — The following information shall be indicated in the VAT invoice [or VAT official receipt]:

(1) A statement that the seller is a VAT-registered person, followed by his Taxpayer’s Identification Number (TIN);

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: Provided, That:

(a) The amount of the tax shall be shown as a separate item in the invoice [or receipt];

(b) If the sale is exempt from value-added tax, the term ‘VAT-exempt sale’ shall be written or printed prominently on the invoice [or receipt];
(c) If the sale is subject to zero percent (0%) value-added tax, the term 'zero-rated sale' shall be written or printed prominently on the invoice [or receipt];

(d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice [or receipt] shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the value-added tax on each portion of the sale shall be shown on the invoice [or receipt]: Provided, That the seller may issue separate invoices [or receipts] for the taxable, exempt, and zero-rated components of the sale.

(3) x x x

(4) x x x

(C) x x x

(D) Consequence of Issuing AN Erroneous VAT Invoice [or VAT Official Receipt]. —

(1) If a person who is not a VAT-registered person issues an invoice [or receipt] showing his Taxpayer Identification Number (TIN), followed by the word 'VAT':

(a) The issuer shall, in addition to any liability to other percentage taxes, be liable to:

(i) The tax imposed in Section 106 or 108 without the benefit of any input tax credit; and

(ii) A fifty percent (50%) surcharge under Section 248 (B) of this Code;

(b) The VAT shall, if the other requisite information required under Subsection (B) hereof is shown on the invoice [or receipt], be recognized as an input tax credit to the purchaser under Section 110 of this Code.

(2) If a VAT-registered person issues a VAT invoice [or VAT official receipt] for a VAT-exempt transaction, but fails to display prominently on the invoice [or receipt] the term 'VAT-exempt sale', the issuer shall be liable to account for the tax imposed in Section 106 or 108 as if Section 109 did not apply.

x x x

SEC. 19. Section 114 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:
"SEC. 114. Return and Payment of Value-Added Tax. —

(A) In General. — Every person liable to pay the value-added tax imposed under this Title shall file a quarterly return of the amount of his gross sales [or receipts] within twenty-five (25) days following the close of each taxable quarter prescribed for each taxpayer: Provided, however, That VAT-registered persons shall pay the value-added tax on a monthly basis: Provided, finally, That beginning January 1, 2023, the filing and payment required under this Subsection shall be done within twenty-five (25) days following the close of each taxable quarter.

x x x

(B) Where to File the Return and Pay the Tax. — Except as the Commissioner otherwise permits, the return shall be filed with and the tax paid to an authorized agent bank, OR Revenue Collection Officer [or duly authorized city or municipal Treasurer in the Philippines located within the revenue district where the taxpayer is registered or required to register]."

x x x

SEC. 20. Section 115 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 115. Power of the Commissioner to Suspend the Business Operations of a Taxpayer. — The Commissioner or his authorized representative is hereby empowered to suspend the business operations and temporarily close the business establishment of any person for any of the following violations:

(a) In the case of a VAT-registered Person. —

(1) Failure to issue [receipts or] invoices;

(2) Failure to file a value-added tax return as required under Section 114; or

(3) Understatement of taxable sales [or receipts] by thirty percent (30%) or more of his correct taxable sales [or receipts] for the taxable quarter.

x x x

SEC. 21. Section 116 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 116. Tax on Persons Exempt from Value-Added Tax (VAT). —

Any person whose sales [or receipts] are exempt under Section 109 (BB) of this
Code from the payment of value-added tax and who is not a VAT-registered
person shall pay a tax equivalent to three percent (3%) of his gross quarterly
sales [or receipts]; Provided, That cooperatives, shall be exempt from the three
percent (3%) gross receipts tax herein imposed.”

SEC. 22. Section 128 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 128. Returns and Payment of Percentage Taxes. –

x x x

(B) Where to File. – Except as the Commissioner otherwise permits,
every person liable to the percentage tax under this Title [may, at his option,]
SHALL file a [separate return for each branch or place of business, or]
consolidated return for all branches or places of business with [the] AN
authorized agent bank, Revenue District Officer, OR Collection Agent [or duly
authorized Treasurer of the city or municipality where said business or principal
place of business is located, as the case may be].”

SEC. 23. Section 200 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 200. Payment of Documentary Stamp Tax. –

x x x

(C) Where to File. – Except in cases where the Commissioner otherwise
permits, the aforesaid tax return shall be filed with and the tax due shall be paid
through the authorized agent bank [within the territorial jurisdiction of the
Revenue District Office which has jurisdiction over the residence or principal
place of business of the taxpayer]. In places where there is no authorized agent
bank, the return shall be filed with [the] A Revenue District Officer[,] OR
collection agent [, or duly authorized Treasurer of the city or municipality in
which the taxpayer has his legal residence or principal place of business].

x x x

SEC. 24. Section 236 of the National Internal Revenue Code of 1997, as amended, is
hereby further amended to read as follows:

“SEC. 236. Registration Requirements. –

(A) Requirements. – Every person subject to any internal revenue tax
shall register once with the appropriate Revenue District Officer:

(1) Within ten (10) days from date of employment, or
(2) On or before the commencement of business, or
(3) Before payment of any tax due, or
(4) Upon filing of a return, statement or declaration as required in this
Code.
The registration shall contain the taxpayer’s name, [style,] place of residence, business, and such other information as may be required by the Commissioner in the form prescribed therefor: Provided, THAT THE COMMISSIONER SHALL ENSURE THE AVAILABILITY OF REGISTRATION FACILITIES TO TAXPAYERS WHO ARE NOT RESIDING IN THE COUNTRY: PROVIDED, FURTHER, That the Commissioner shall simplify the business registration and tax compliance requirements of self-employed individuals and/or professionals.

x x x

[(B) Annual Registration Fee. – An annual registration fee in the amount of Five hundred pesos (PhP500) for every separate or distinct establishment or place of business, including facility types where sales transactions occur, shall be paid upon registration and every year thereafter on or before the last day of January: Provided, however, That cooperatives, individuals earning purely compensation income, whether locally or abroad, and overseas workers are not liable to the registration fee herein imposed.

The registration fee shall be paid to an authorized agent bank located within the revenue district, or to the Revenue Collection Officer, or duly authorized Treasurer of the city or municipality where each place of business or branch is registered.]

[(C)] (B) Registration of Each Type of Internal Revenue Tax. – x x x
[(D)] (C) Transfer of Registration. – x x x
[(E)] (D) Other Updates. – x x x
[(F)] (E) Cancellation of Registration. – x x x

(1) General Rule. – The registration of any person who ceases to be liable to a tax type shall be cancelled upon MERE filing with the Revenue District Office where he is registered, an application for registration information update in a form prescribed therefor[;]. HOWEVER, THIS SHALL NOT PRECLUDE THE REVENUE DISTRICT OFFICER FROM CONDUCTING AN AUDIT IN
ORDER TO DETERMINE ANY TAX LIABILITY: PROVIDED,
THAT THE DECISION TO CONDUCT THE AUDIT IS BASED
ON RISK ASSESSMENT EVALUATION.

(2) Cancellation of Value-Added Tax Registration. — x x x

[(G)] (F) Persons Required to Register for Value-Added Tax. — x x x

[(H)] (G) Optional Registration for Value-Added Tax of Exempt

Person. — x x x

[(I)] (H) Supplying of Taxpayer Identification Number (TIN). — x x x”

SEC. 25. Section 237 of the National Internal Revenue Code of 1997, as amended, is
hereby further amended to read as follows:

“SEC. 237. Issuance of Receipts or Sales or Commercial Invoices. —

(A) Issuance. — All persons subject to an internal revenue tax shall, at
the point of each sale and transfer of merchandise or for services rendered
valued at One hundred pesos (PhP100.00) or more, issue duly registered
receipts or sale or commercial invoices, showing the date of transaction,
quantity, unit cost and description of merchandise or nature of service:
Provided, however, That where the receipt is issued to cover payment made as
rentals, commissions, compensation or fees, receipts or invoices shall be issued
which shall show the name, [business style, if any,] and address of the
purchaser, customer or client. Provided, further, That where the purchaser is a
VAT-registered person, in addition to the information herein required, the
invoice or receipt shall further show the Taxpayer Identification Number (TIN)
of the purchaser.”

x x x

SEC. 26. Section 245 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 245. Specific Provisions to be Contained in Rules and

Regulations. — The rules and regulations of the Bureau of Internal Revenue
shall, among other things, contain provisions specifying, prescribing or
defining:

x x x

“(j) The manner in which internal revenue taxes, such as income tax,
including withholding tax, estate and donor’s taxes, value-added tax, other
percentage taxes, excise taxes and documentary stamp taxes shall be paid
through the collection officers of the Bureau of Internal Revenue or through duly authorized agent banks which are hereby deputized to receive payments of such taxes and the returns, papers and statements that may be filed by the taxpayers in connection with the payment of the tax: Provided, however, That notwithstanding the other provisions of this Code prescribing the place of filing of returns and payment of taxes, the Commissioner may, by rules and regulations, require that the tax returns, papers and statements and taxes of MEDIUM AND large taxpayers be filed and paid, respectively, through collection officers or through duly authorized agent banks[. Provided, further, That the Commissioner can exercise this power within six (6) years from the approval of Republic Act No. 7646 or the completion of its comprehensive computerization program, whichever comes earlier]: Provided, [finally] FURTHER, That separate venues for the Luzon, Visayas and Mindanao areas may be designated for the filing of tax returns and payment of taxes by said MEDIUM AND large taxpayers.

[For purposes of this Section, 'large taxpayer' means a taxpayer who satisfies any of the following criteria:

"(1) Value-Added Tax (VAT) — Business establishment with VAT paid or payable of at least One hundred thousand pesos (PhP100,000) for any quarter of the preceding taxable year;

"(2) Excise Tax — Business establishment with excise tax paid or payable of at least One million pesos (PhP1,000,000) for the preceding taxable year;

"(3) Corporate Income Tax — Business establishment with annual income tax paid or payable of at least One million pesos (PhP1,000,000) for the preceding taxable year; and

"(4) Withholding Tax — Business establishment with withholding tax payment or remittance of at least One million pesos (PhP1,000,000) for the preceding taxable year.

Provided, however, That the Secretary of Finance, upon recommendation of the Commissioner, may modify or add to the above criteria for determining a large taxpayer after considering such factors as inflation, volume of business, wage and employment levels, and similar economic factors.]
“The penalties prescribed under Section 248 of this Code shall be imposed on
any violation of the rules and regulations issued by the Secretary of Finance,
upon recommendation of the Commissioner, prescribing the place of filing of
returns and payments of taxes by MEDIUM AND large taxpayers.”

SEC. 27. Section 248 of the National Internal Revenue Code of 1997, as amended, is
hereby amended to read as follows:

“SEC. 248. Civil Penalties. –

(A) There shall be imposed, in addition to the tax required to be paid,
a penalty equivalent to twenty-five percent (25%) of the amount due, in the
following cases:

(1) Failure to file any return and pay the tax due thereon as required
under the provisions of this Code or rules and regulations on the date
prescribed; or

[(2) Unless otherwise authorized by the Commissioner, filing a return
with an internal revenue officer other than those with whom the return
is required to be filed,]

[(3)] (2) Failure to pay the deficiency tax within the time prescribed for
its payment in the notice of assessment; or

[(4)] (3) Failure to pay the full or part of the amount of tax shown on
any return required to be filed under the provisions of this Code or rules
and regulations, or the full amount of tax due for which no return is
required to be filed, on or before the date prescribed for its payment.


SEC. 28. A new Title XIII shall be added in the National Internal Revenue Code of
1997, as amended, to read as follows:

“TITLE XIII

“RIGHTS OF TAXPAYERS

“SEC. 291. TAXPAYER’S BILL OF RIGHTS. – IN ADDITION TO
THE RIGHTS AND REMEDIES OF THE TAXPAYER PROVIDED IN
THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED, THE TAXPAYER SHALL HAVE THE FOLLOWING SET
OF FUNDAMENTAL RIGHTS:

1. TO PAY NO MORE THAN THE CORRECT AMOUNT
   OF TAX;
2. TO A FAIR AND JUST TAX SYSTEM;
3. TO BE INFORMED WITH TIMELY AND EASY TO
UNDERSTAND INFORMATION;
4. TO QUALITY SERVICE AND TAX EDUCATION;
5. TO THE CONSISTENT AND TRANSPARENT
APPLICATION OF THE LAW;
6. TO HAVE THE CLASSIFICATION OF TAXPAYER
CONSIDERED WHENEVER TAX RULES ARE
PREPARED AND ENFORCED;
7. TO PRIVACY AND CONFIDENTIALITY OF
INFORMATION, UNLESS AUTHORIZED BY THE
TAXPAYER OR BY LAW;
8. TO SPEEDY DISPOSITION OF CASES, ASSESSMENTS,
AUDITS, INVESTIGATIONS AND OTHER SIMILAR
ACTIONS;
9. TO FINALITY OF TAX CASES;
10. TO BE PROTECTED AGAINST MALICIOUS,
EXCESSIVE, AND WRONGFUL ASSESSMENTS AND
TO SEEK REDRESS FOR THE SAME.”

SEC. 29. Title XIII and Title XIV of the National Internal Revenue Code of 1997, as
amended, are hereby renumbered as Title XIV and Title XV, respectively, and the succeeding
sections shall be renumbered accordingly.

SEC. 30. Separability Clause. – If any provision of this Act is declared unconstitutional,
the remaining parts or provision not affected thereby shall remain in full force and effect.

SEC. 31. Repealing Clause. – All laws, decrees, executive orders, implementing rules
and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are
deemed repealed, amended or modified accordingly.

SEC. 32. Effectivity. – This Act shall take effect fifteen (15) days after its publication
in the Official Gazette or in a newspaper of general circulation.

Approved,
FACT SHEET

House Bill No. 8942
(In substitution of House Bills No. 7415 and 7881)


Committee Referral: COMMITTEE ON WAYS AND MEANS
Committee Chairperson: HON. JOEY SARTE SALCEDA

OBJECTIVES:

- To modernize tax administration and improve tax compliance
- To enact policies and procedures which are appropriate to different types of taxpayers
KEY PROVISIONS:

- Institutionalizes a simplified process of filing tax returns for small taxpayers and thus facilitate their compliance with tax rules and regulations;
- Introduces a medium taxpayer classification and a corresponding Bureau of Internal Revenue (BIR) special unit for better service and tax administration;
- Enhances the portability of tax transactions by removing venue restrictions in the filing of returns and payment of taxes;
- Removes the distinction between sales invoice and official receipts and makes the former the document to be used by taxpayers to substantiate value-added tax (VAT) transactions whether for sale of goods or services;
- Mandates the Commissioner of Internal Revenue to ensure the creation of registration facilities for non-resident taxpayers;
- Removes the required annual taxpayer registration fee payment of Five Hundred Pesos (Php500.00); and
- Provides for a Taxpayer's Bill of Rights

RELATED LAW:

- Republic Act No. 8424, otherwise known as the "National Internal Revenue Code of 1997", as amended