

VAT ON PEZA ENTITIES

[02.08.22 TUESDAY 6:30-8:30]

WILLIE B. SANTIAGO, **LAWYER & CERTIFIED PUBLIC ACCOUNTANT**
MCLE LECTURER



EXPECTATIONS!



**VAT DEALINGS
ON SALES**

**VAT DEALINGS
ON PURCHASES**

**PEZA-RELATED
UPDATES**

ZERO-RATED SALES OF GOODS/PROPERTIES

SECTION 106(A)(2)

- Export sales
- Foreign currency denominated sale
- Zero-rated sales under special laws or international agreement



EXPORT SALES

1. Sale & actual shipment of goods from PH to foreign country
 - Foreign currency
 - Accounted in accordance with BSP
2. Sale of raw materials or packaging to a nonresident buyer for delivery to resident local export-oriented enterprise
3. Sale of raw materials or packaging materials to export-oriented enterprise whose export sales exceed 70%

4. Those considered export sales under EO 226 & other special laws
5. Sale of goods, supplies, equipment & fuel to persons engaged in international shipping or international air transport operations
 - Shall be used for international shipping or air transport operations

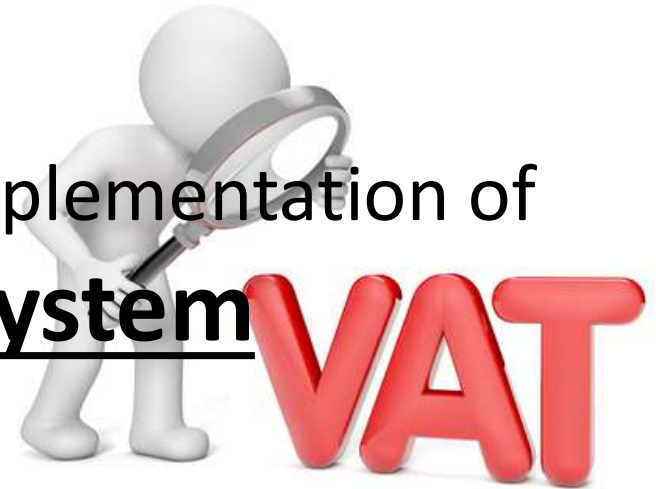


- (2),(3) &(4) shall be subject to 12% & no longer be considered export sales subject to 0%:

1. Successful establishment & implementation of enhanced VAT refund system

- 90 days

2. All pending VAT refund claims as of Dec 21, 2017 shall be fully paid in cash by Dec 31, 2019



ZERO-RATED SALES OF SERVICES

SECTION 108(B)

- Processing, manufacturing or repacking goods
- Other services to non-residents
- Services to specific VAT exempt persons
- Services to international shippers



ZERO-RATING

- Services of contractors/subcontractors to exporters
- International carriage of passengers on cargoes from PH
- Sale of renewable energy in PH
- Services to offshore gaming licensees subject to gaming tax

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Candidate for
Congress,
Navotas City

 **RC Cruz**
Candidate for
Mayor,
Navotas City

 **Tessa Mauricio-Arriola**
The Manila Times
Lifestyle & Entertainment
Editor / Host

Monday, February 7, 2022

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Japan's tech giant Toshiba to split; sell stake in Carrier



By Agence France-Presse

February 7, 2022 20



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TOKYO: Embattled Japanese technology giant Toshiba plans to split into two companies, one focused on infrastructure and the other on devices, in its latest effort to placate unhappy shareholders.

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Sale of goods by PEZA-registered enterprise, to buyer from Customs Territory (RMC 74- 99)(Sec 5)

- Treated as **Technical Importation** made by BUYER



- shall be treated as importer
- shall be imposed with the corresponding import tax/es

Pursuant to Sec. 107, Title IV and Title VI, NIRC, in relation to Sec. 26, R.A. No. 7916

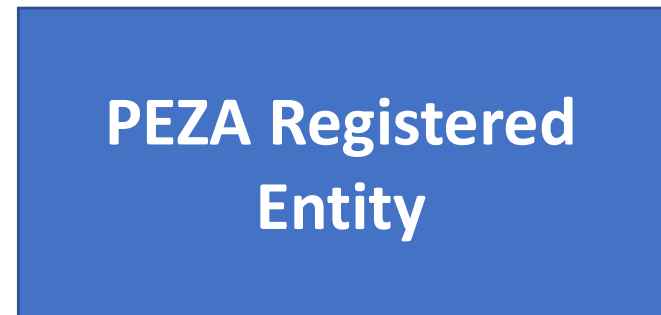
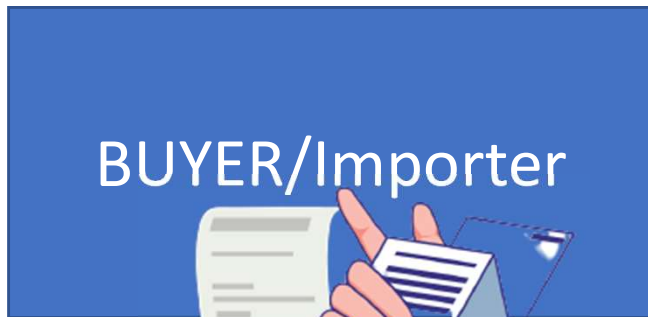


payment of 12% VAT should be made by the **buyer** directly to the Bureau of Customs as the agency tasked to collect VAT on importation




BIR Ruling [DA-031-07]

- PEZA Registered Entity is not anymore required to impose VAT but should furnish a copy of the receipt of payment of VAT with the Bureau of Customs



Send copy of Receipt of payment of VAT



**For scrap sales, should
our invoice be issued as
zero rated & is the 12%
VAT paid to BoC
enough?**





PEZA MC NO. 2005-32

SCRAP SALES: *VAT*Table

12% VAT – paid by scrapper to **BoC**

**considered as technical import*



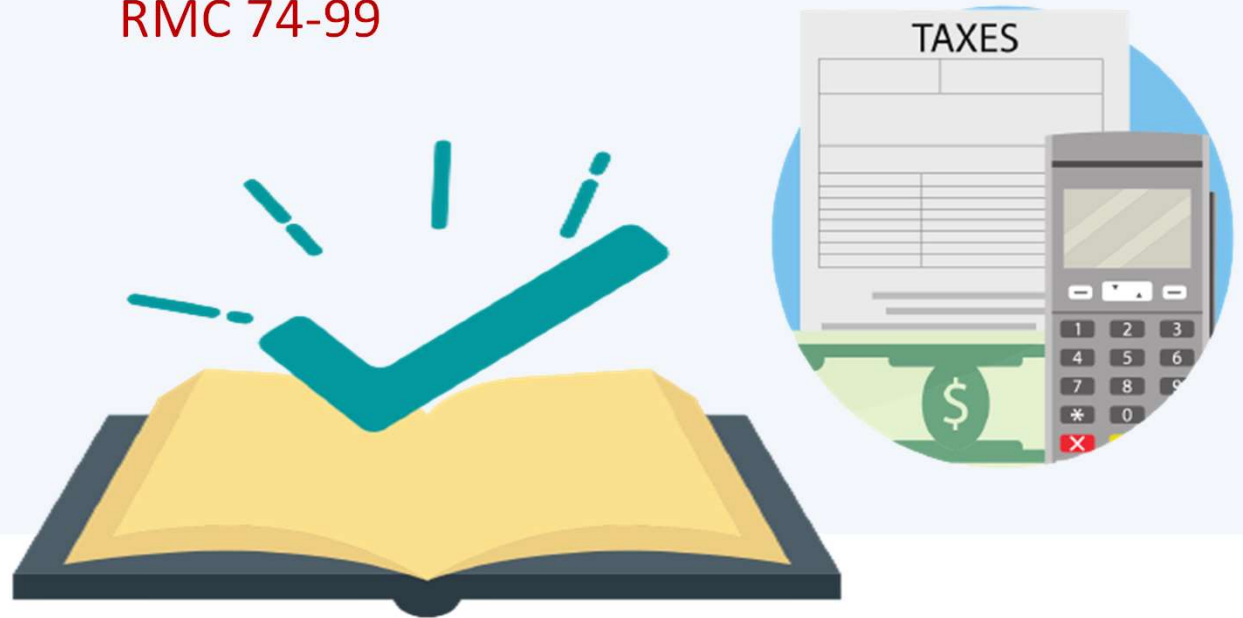
- PEZA-registered entity is *no longer required to charge VAT*



BIR Ruling [DA-031-07]

Re-Examining Tax Treatment of Sales Made by PEZA Registered Enterprise Prior to New Rules

RMC 74-99



Sec. 2, Rule VIII, PART V of PEZA IRR entitled "Rules & Regulations to Implement RA 7916

- **registered enterprise's "gross income earned"** shall be subject to 5% special tax pursuant to Sec. 24 RA 7916

Provided,

- that its sales in the Customs Territory **do not exceed the threshold allowed** or permitted for such sales



Provided also,

- that for income tax purposes, if such sales should **exceed the aforesaid threshold**, its income derived from such excess sales **shall be imposed with the normal income tax**



Provided further,

- that in **computing for the income tax due** on such excess sales, its net income from such **excess sales shall be determined in accordance with the method of general apportionment**





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Business > Corporate News

JLL 'cautiously optimistic' on property market



By Faye Almazan January 28, 2022 100

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46

100%

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REAL estate services firm JLL Philippines said they are "cautiously optimistic" on the country's property market as challenges remain despite the improvement in sentiment.

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Nadal comes from two sets down to

"There is improved market sentiment and market reforms that we're seeing now but definitely, there are still a lot of headwinds in the short term," Janlo

TUMINGIN NG GINTO SA PALAWAN PAWNSHOP!

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INCENTIVES PROVISIONS OF CREATE LAW JOURNEY

SIGNING

PUBLICATION

EFFECTIVITY

MARCH 26, 2021

MARCH 27, 2021

APRIL 11, 2021



[REPUBLIC ACT NO. **11534**]

AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204 AND 290 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES

CREATE



DOF, DTI sign CREATE IRR ahead of the 90-day deadline

Access the CREATE IRR on



dof.gov.ph



“Issuances”

Highlights include: the scope of the enhanced tax deductions, items that are allowed to be considered as deductions, total length of the transition period for currently registered activities or projects, and other clarifications raised by industry stakeholders.



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DOF.GOV.PH



DOF PH NEWS

DOF IRR RELEASED LAST

JUNE 25, 2021

IMPLEMENTING RULES AND REGULATIONS OF TITLE XIII OF REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS THE "NATIONAL INTERNAL REVENUE CODE OF 1997", AS AMENDED BY REPUBLIC ACT NO. 11534 OR THE "CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES (CREATE) ACT"

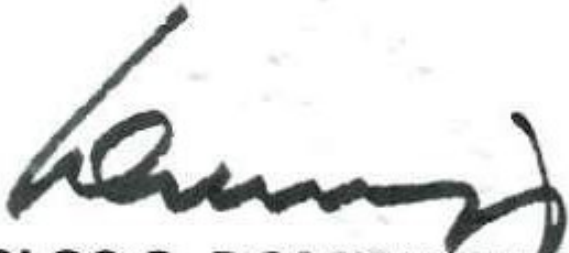
Pursuant to Section 21 of Republic Act No. 11534, entitled "AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204 AND 290 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES," the Secretary of Finance and the Secretary of Trade and Industry, after consultations with the Commissioner of Internal Revenue, the Board of Investments, and other Investment Promotion Agencies hereby promulgate the following Implementing Rules and Regulations (IRR).

PART I

GENERAL PROVISIONS

RULE 1. Scope and Definition of Terms

JOINT IRR OF DOF & DTI



CARLOS G. DOMINGUEZ
Secretary of Finance



RAMON M. LOPEZ
Secretary of Trade and Industry



BIR CIRCULARIZED IRR ON INCENTIVES **PROVISIONS OF CREATE LAW**

RMC 83-2021 [JULY 12, 2021]



SCOPE & COVERAGE

SECTION 1 RULE 1



**REGISTERED
BUSINESS
ENTERPRISES**



**TAX
INCENTIVES**



**QUALIFIED
REGISTRABLE
ACTIVITIES**

Per Republic Act No. 11534

SCOPE & COVERAGE

SEC 2 RULE 1

- **Newly-registered** projects or activities including qualified expansion projects or activities, under SIPP
- **Existing** registered enterprises, projects, or activities currently registered with IPAs

EXTENT OF AUTHORITY TO GRANT TAX INCENTIVES OF IPA & FIRB

SECTION 3 RULE 1

Fiscal Incentives Review Board

- SIPP approved project

Investment Promotion Agencies

- Under delegated authority

EXCLUDED FROM THE COVERAGE

customs brokerage

forwarding services

trucking services

janitorial services

security services

insurance

banking & other financial services

consumers' cooperatives

credit unions

similar services as determined by FIRB

restaurants

retail enterprises

consultancy services

**REGISTRABLE
ACTIVITIES**



TAX & DUTY INCENTIVES

SECTIONS 1-9 RULE 2

Income Tax
Holiday (ITH)

Special
Corporate
Income Tax
(SCIT) Rate

Enhanced
Deductions
(ED)

Duty Exemption
on importation
of capital
equipment, raw
materials, spare
parts, or
accessories

VAT Exemption
on Importation
& VAT Zero-
Rating on Local
Purchases

Per Republic Act . 11534

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Rating on Local
Purchases

Per Republic Act 11534

A collection of various mechanical parts and tools, including air filters, spark plugs, and metal components, arranged on a white surface. The image is a close-up shot of a workspace with numerous automotive and industrial parts scattered across a white background. In the foreground, there are two prominent air filters: one with a red pleated filter and a black top, and another with a blue pleated filter and a black top. Next to them are several spark plugs, some with blue and white ceramic insulators. There are also various metal fittings, bolts, and small components. In the background, a person's hand is visible, holding a tool or part. The overall scene suggests a workshop or a parts inventory area.

**Customs Duty Exemption on
Importation of Capital
Equipment, Raw Materials,
Spare Parts & Accessories**

CUSTOMS DUTY EXEMPTION ON IMPORTED ITEMS

SEC 4 RULE 2

- Direct & exclusive use
- Not produced or manufactured domestically in sufficient quantity or of comparable quality & at reasonable price
- IPA prior approval through CAI/Admission Entry
- **Liability as a consequence of subsequent sale, transfer, disposition, or non-utilization**

TAX & DUTY INCENTIVES

SEC 1-9 RULE 2

Income Tax
Holiday (ITH)

Special
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VAT Exemption
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Purchases

Per Republic Act No. 11534

VAT ZERO-RATING & EXEMPTION

SEC 5 RULE 2

- apply to goods & services
- directly & exclusively used in the registered project or activity
- provided that transactions falling under Sec. 106 (A)(2)(a)(3),(4),(5) & Sec. 108(B)(1)(5) NIRC shall be subject to 12% VAT

CREATE LAW RETAINING VAT EXEMPTION ON LOCAL PURCHASES WITH QUALIFICATION

SECTION. 5. *Value-added Tax (VAT) zero-rating and exemption.* – The VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity of export enterprises, during the period of registration of the said registered project or activity with the concerned IPA; *Provided*, That transactions falling under Section 106(A)(2)(a)(3), (4), and (5) and Section 108(B)(1) and (5) of the Code, as amended, shall be subject to the twelve percent (12%) VAT pursuant to Revenue Regulations 09-2021. *Provided, further*, That excess input taxes attributable to zero-rated sales by VAT-registered RBEs, may at the RBEs option, be refunded or applied for a tax credit, subject to the guidelines provided under Revenue Regulations No. 13-2018, as amended.

The direct and exclusive use in the registered project or activity refers to raw materials, inventories, supplies, equipment, goods, services and other expenditures necessary for the registered project or activity without which the registered project or activity cannot be carried out

TRANSACTIONS PREVIOUSLY TAXED AT 0% VAT NOW SUBJECT TO 12%

RR 9-2021 [JUNE 11, 2021] [EFFECTIVITY JUNE 27, 2021]



TRAIN TAX LAW



Lowering the
Personal Income
Tax (PIT)



Simplifying the
Estate and
Donor's Tax



Expanding the
Value-Added Tax
(VAT) Base



Increasing the
Excise Tax of
Petroleum Products



Increasing the
Excise Tax of
Automobiles



Introducing the
Increase the Tax of
Sugar-Sweetened
Beverages

TAX REFORM FOR ACCELERATION AND INCLUSION

APPLICATION FOR VAT ZERO-RATING ON SALES TO RBEs

1

No longer be accepted starting June 28, 2021

2

Application filed prior to effectivity of RR 9-2021 shall still be processed

3

Approved applications shall be effective until June 27, 2021 or stated effective date, whichever is earlier

FOLLOWED BY SAGA BETWEEN PEZA-DTI & DOF



PHILIPPINE ECONOMIC ZONE AUTHORITY

24 June 2021

SECRETARY CARLOS "SONNY" DOMINGUEZ

Department of Finance

DOF Bldg., BSP Complex

Roxas Blvd., 1004 Metro Manila, Philippines

SUBJECT: URGENT APPEAL FOR A STATUS QUO ON BIR RR NO. 9-2021

Dear **Sec. DOMINGUEZ**:

This refers to the BIR Revenue Regulation (RR) No. 9-2021 dated 09 June 2021 which shall be effective on 27 June 2021, the 15th day of its publication. The said RR identified transactions that shall now be subject to the 12% VAT which are previously taxed at zero

OPTIONS ON PASSED-ON INPUT VAT?



- ▶ Multi-awarded, multi-regulated broker
- ▶ Invest with fast direct execution

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HEADLINES 

Gov't allocates 5% of VAT collections for refund claims

By: [Ben O. de Vera](#) - Reporter / @bendeveraINQ Philippine Daily Inquirer / 05:22 AM January 12, 2019

Value-added tax (VAT) refunds now have a steady source of funds as the government has allotted 5 percent of all VAT collections by the country's two biggest revenue agencies for that purpose.

Joint Circular No. 1-2018 issued by the Department of Finance (DOF), Department of Budget and Management, Bureau of the Treasury, Bureau of Internal Revenue (BIR), Bureau of Customs (BOC) and Commission on Audit (COA) implemented the provisions of Republic Act No. 10963, or the Tax Reform for Acceleration and Inclusion (TRAIN) Act on VAT refunds.

EDITORS' PICK MOST READ

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 BUSINESS How will small businesses recover in the Philippines?

 NEWSINFO Forced evacuations underway over increased

90-DAY PERIOD PROCESSING OF GENERAL TAX REFUNDS



ACCOUNT No.

002131-9004-17

ACCOUNT NAME



TREASURER OF THE PHILIPPINES

FOR THE ACCOUNT OF

DOF-BUREAU OF INTERNAL REVENUE
REGION 9



372

CHECK No.

0000171372

0000171372

ZERO ZERO ZERO ZERO ONE SEVEN ONE THREE SEVEN TWO

December 23, 2020

DATE

P

209,066.67

"Member: PDIC"

PAY TO THE
ORDER OF

[Redacted Name]

WIRE (PHILS.) CORPORATION *

* TWO HUNDRED NINE THOUSAND SIXTY SIX PESOS AND 67/100 ONLY *

Payment of VAT Refund

I / We allow the electronic clearing of this check and hereby waive the presentation for payment of this original to LANDBANK

DOCUMENTARY STAMPS PAID



LANDBANK

SAN PABLO (LAGUNA) BRANCH
COLAGO AVENUE, BARANGAY 1-A
SAN PABLO CITY, LAGUNA 4023

VALID WITHIN THREE (3) MONTHS FROM DATE OF ISSUE

FUND	AGENCY	AREA	ALLOTMENT OBJ. CLASS
101184	D-2133	04-96	2010301000

ELIZABETH T. BELLO
Chief, Administrative and Human
Resource Management Division

RICARDO B. ESPIRITU
Regional Director

⑈0000171372⑈31035⑈0039⑈002131900417⑈000

WHERE ARE WE ON 0% VAT ON SERVICES RENDERED BY PROFESSIONAL ACCOUNTANTS & LAW FIRMS?



Philippine Institute of
Certified Public Accountants



May 27, 2021

Department of Finance
DOF Building,
Roxas Boulevard corner Pablo Ocampo Street,
Manila, Philippines

Attention: **Sec. Carlos G. Dominguez III**
Secretary of Finance

cc: **BGen Charito B. Plaza**
Director General, PEZA

Re: **Letter to Clarify the VAT Treatment of Services of Accounting, Auditing, Law and
Professional Individuals and Firms to Registered Business Enterprises (RBEs)
under CREATE**

TMAP SEEKING CLARIFICATIONS!



Tax Management
Association of the Philippines



UPHOLDING TAXPAYERS' RIGHTS
PROMOTING COMPLIANCE. FUELING GROWTH.

July 19, 2021

HON. CARLOS G. DOMINGUEZ

Secretary

Department of Finance

DOF Building, BSP Complex

Roxas Blvd., 1004, Manila

Attention: Undersecretary Antonette C. Tionko

Revenue Operations Group

Gentlemen:

Greetings from the Tax Management Association of the Philippines (**TMAP**).

DEFERMENT OF RR 9-2021 ON THE IMPOSITION OF VAT OF PREVIOUSLY- RECOGNISED 0% VAT



21 July 2021

FINALLY!

VENUE REGULATORY NO. 15-2021

SUBJECT: Deferring the implementation of Revenue Regulations (RR) No. 9-2021, which Amended RR No. 16-2018 as amended, to implement the imposition of two Percent (2%) Value Added Tax (VAT) on Transactions Covered by Section 106(A)(2)(a), Subparagraphs (3),(4) and (5), and Section 108(B), Subparagraphs (1) and (5), both of the National Internal Revenue Code (NIRC) of 1997, as amended

TO: All Internal Revenue Officials, Employees and Others Concerned

CONSIDERATIONS TAKEN!

In view of the continuing COVID 19-pandemic and its impact to the export industry, the implementation of Revenue Regulations (RR) No. 9-2021 dated June 9, 2021 is hereby deferred until the issuance of an amendatory revenue regulations.

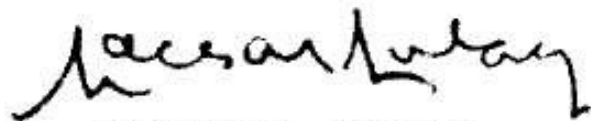
This Regulations shall take effect immediately.




CARLOS G. DOMINGUEZ
Secretary of Finance

JUL 27 2021

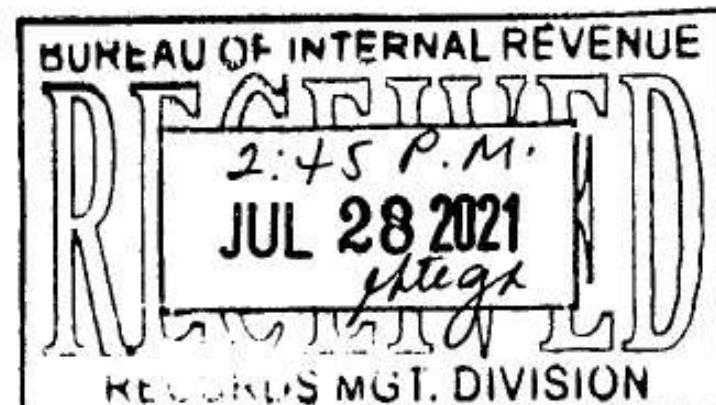
Recommending Approval:



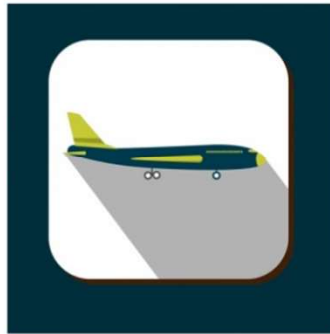
CAESAR R. DULAY

Commissioner of Internal Revenue

044205



Validating the claim for VAT zero-rated sales with a Registered Business Enterprise



01

RR NO. 9-2021

Previously taxed at zero percent (0%) VAT shall now be subject to 12%

02

IRR OF CREATE LAW

VAT zero-rating may still apply if locally-purchased goods and services are directly and exclusively used in the registered project or activity

03

RR NO. 15-2021

Defers the implementation of RR No. 9-2021

FURTHER AMENDMENTS & REALIZATION

RR 21-2021 [DEC 3, 2021]



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

A handwritten signature in black ink, appearing to be "J. G.", is written over the official stamp area.

Date: DEC 03 2021

REVENUE REGULATIONS NO. 21-2021

SUBJECT : Amending Certain Provisions of Revenue Regulations (RR) No. 16-2005, as Amended by RR Nos. 4-2007, 13-2018, 26-2018, and 9-2021 to Implement Sections 294 (E) and 295 (D), Title XIII of the National Internal Revenue Code of 1997 (Tax Code), as Amended by R.A. No. 11534 (CREATE Act), and Section 5, Rule 2 and Section 5, Rule 18 of the CREATE Act Implementing Rules and Regulations

TO : All Internal Revenue Officials, Employees and Others Concerned

SECTION 1. SCOPE. – Pursuant to the provisions of Sections 244 and 245 of the Tax Code of 1997, as amended, these Regulations are hereby promulgated to implement Sections 294 (E) and 295 (D) of Title XIII of the National Internal Revenue Code, as introduced in Republic Act No. 11534 or the “Corporate Recovery and Tax Incentives for Enterprise Act” (“CREATE”), and Section 5, Rule 2 of its Implementing Rules and Regulations (IRR), which reads:

VAT EXEMPTION ON IMPORTATION & VAT ZERO-RATING ON LOCAL PURCHASES

shall only apply to goods & services

directly & exclusively used in registered project or activity of registered export enterprise

for maximum period of 17 yrs from date of registration

unless otherwise extended under SIPP

ZERO-RATED SALE OF GOODS/PROPERTIES



Export sales

Sales whose exemption from **direct & indirect taxes** under special laws or international agreements to which the PH is a signatory



17

Sale of RM, inventories, supplies, equipment, packaging materials & goods, to registered export enterprise **directly & exclusively used, for max of 17 years from date of registration**

ZERO-RATED SALE OF SERVICES



Services other than processing, manufacturing or repacking of goods rendered to person engaged in business conducted outside PH or non-resident person not engaged in business who is outside PH when services are performed



Services rendered whose exemption from **direct & indirect** taxes under special laws or international agreements



Sale of basic infrastructure, utilities & maintenance, repair & overhaul of equipment, to registered export enterprise **directly & exclusively used, for max period of 17 yrs from date of registration**



Services rendered to persons engaged in international shipping air transport operations



Transport of passengers & cargo by domestic air or sea vessels from PH to foreign country



Sale of power or fuel generated through renewable sources of energy

VAT EXEMPTION ON IMPORTATION & VAT ZERO-RATING ON LOCAL PURCHASES

shall only apply to goods & services

directly & exclusively used in registered project or activity of registered export enterprise

for maximum period of 17 yrs from date of registration

unless otherwise extended under SIPP

Thursday, January 27, 2022

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By Agence France-Presse

🕒 January 27, 2022 👁️ 50



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Manila Times

REFUNDS OR TAX CREDITS OF INPUT TAX

SECTION 112 (A)

- VAT registered person
- Zero-rated / effectively zero-rated sales
- Within 2 yrs after close of taxable quarter when sales were made
- Allocated ratably between zero-rated & non-zero-rated

INFORMATION CONTAINED IN VAT INVOICE/OR

SECTION 113 (B)

- Seller is VAT-registered followed by TIN
- VAT shall be separate item
- Written/printed prominently:
 - VAT-exempt sale or
 - Zero-rated sales
- Date of transaction, quantity, unit cost, description

- In the case of sales in the amount of **P1,000**
or more
 - Name
 - Business style, if any
 - Address
 - TIN of purchaser

IN PAYMENT OF:	
PARTICULARS	AMOUNT
BS# 229	11,200 00
TOTAL SALES	10,000 00
Add: VAT	1,200 00
Less: Withholding Tax	200 00
Amount Due	11,000 00
Vatable Sales	10,000 00
VAT-Exempt	
VAT Zero Rated Sales	
VAT AMOUNT	1,200 00
Form of Payment	
Cash <input checked="" type="checkbox"/>	Check <input type="checkbox"/>

ABCD CORPORATION
Bagumbayan Quezon City
VAT REG.TIN: 001-002-003

OFFICIAL RECEIPT
 (SERVICES)

Nc 00501


Date: OCT 31 20, XX

RECEIVED from XYZ ENTERTAINMENT CORPORATION

with TIN 006-007-008-000

and address at VASRA QUEZON CITY engaged in
 the business style of BOZO THE CLOWN, the sum of
 Pesos Eleven Thousand (P 11,000.00)
 in full/partial payment for Services rendered for Team Party

Check No. _____
 Bank _____
 Cash _____


 Authorized Signature

Accreditation No.
 Accreditation Date:

"THIS OFFICIAL RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP"

10Bkts. (50X2) 00501 - 01000

BIR ATP No.

Date Issued: _____ Valid Until: _____

Non-VAT Rec. TIN: _____

ARE YOU INTO IMPORTATION?



BUREAU OF CUSTOMS
MAKABAGONG ADUANA, MATATAG NA EKONOMIYA



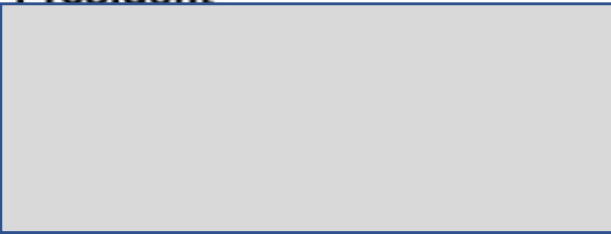
PROFESSIONALISM

INTEGRITY

ACCOUNTABILITY

21 October 2021

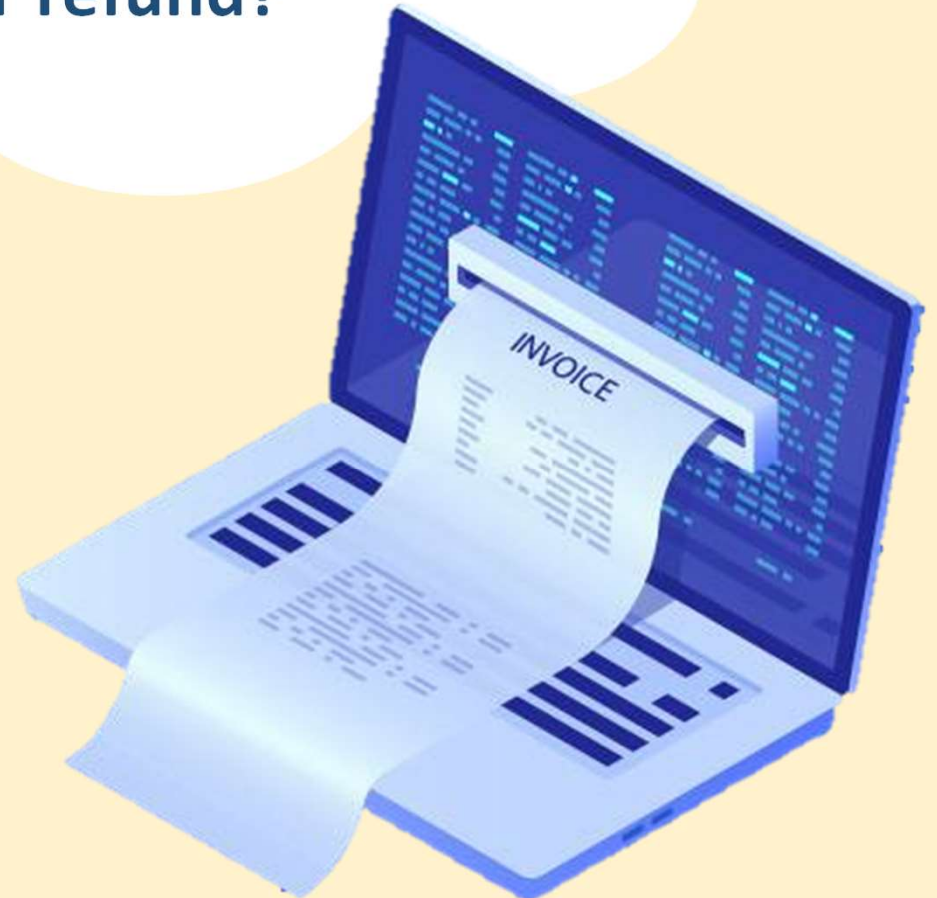
President

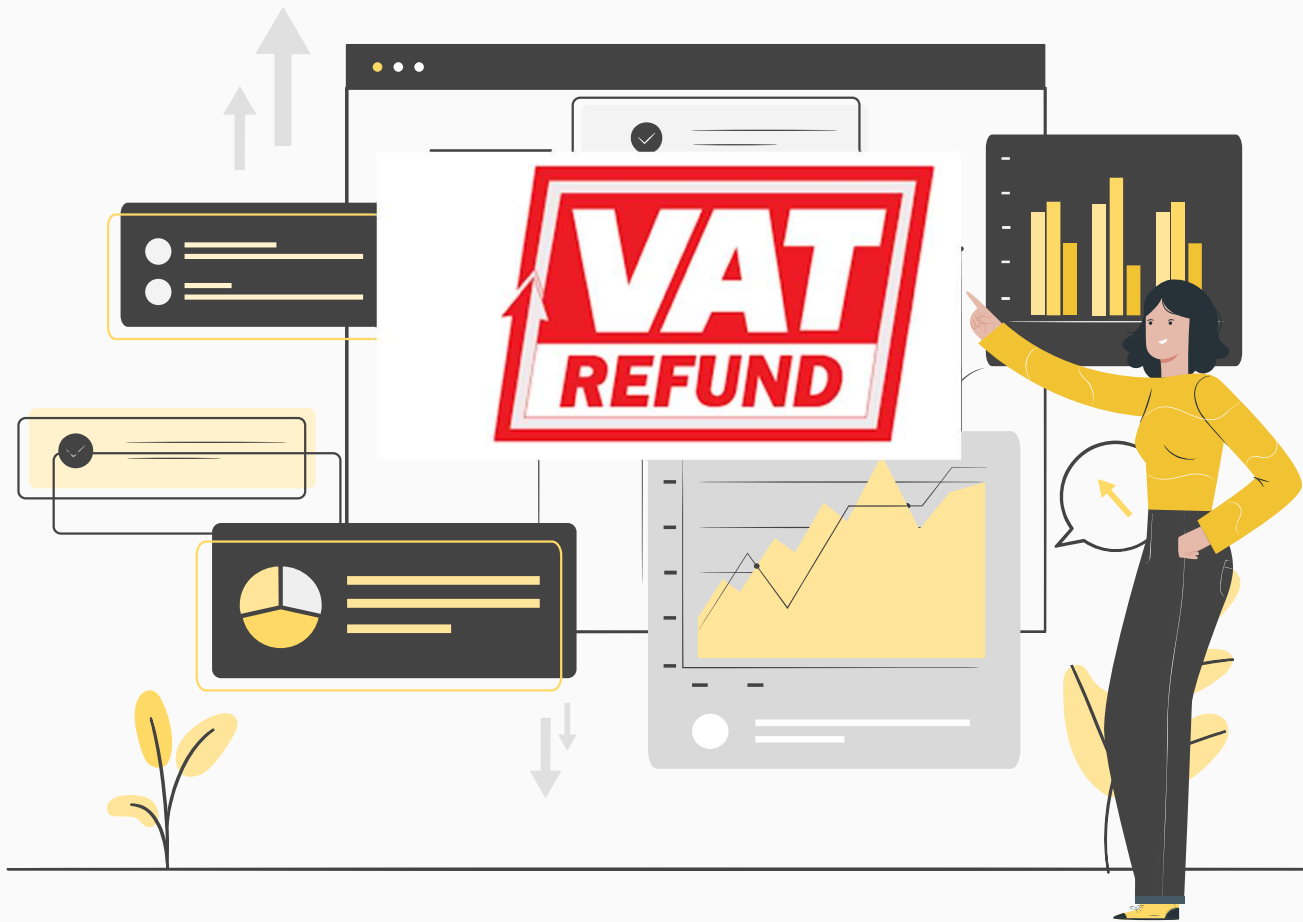


In relation to the ongoing compliance audit on your Company under **ANL No. 21080025** dated 23 August 2021, we would like to request the following documents and records to be prepared for the Audit Team's examination and verification pursuant to Section 4.5. – Records Required to be Kept and Section 5.6 – Access to Records of the Customs Administrative Order No.1 – 2019.


1. Import Entries (Single Administrative Documents) with all the necessary attachments for customs clearance including but not limited to the Sales Invoice, Packing List, Bill of Lading, Freight and Insurance related documents, Permits, and Proof of Payment (Quarantine Receipt)

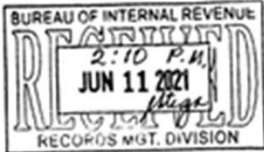
What if the supplier is a CAS registered & their OR/SI has no "business style," what do we need to do to be valid for VAT refund?





Is it still advantageous to the company to apply for peza registration?

 REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE



Date: JUN 09 2021

REVENUE REGULATIONS NO. 9-2021

SUBJECT : Amending Certain Provisions of Revenue Regulations (RR) No. 16-2005, as Amended by RR No. 13-2018 and as Further Amended by RR No. 26-2018 to Implement the Imposition of Twelve Percent (12%) Value-Added Tax (VAT) on Transactions Covered Under Section 106(A)(2)(a) Subparagraphs (3), (4), and (5), and Section 108(B) Subparagraphs (1) and (5) of the National Internal Revenue Code (Tax Code) of 1997, as Amended by R.A. No. 10963 (TRAIN Law)

TO : All Internal Revenue Officials, Employees and Others Concerned

 REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

21 July 2021

REVENUE REGULATIONS NO. 15-2021

SUBJECT : Deferring the Implementation of Revenue Regulations (RR) No. 9-2021, which Amended RR No. 16-2005, as amended, to implement the Imposition of Twelve Percent (12%) Value-Added Tax (VAT) on Transactions Covered by Section 106(A)(2)(a), Subparagraphs (3),(4) and (5), and Section 108(B), Subparagraphs (1) and (5), both of the National Internal Revenue Code (NIRC) of 1997, as amended

TO : All Internal Revenue Officials, Employees and Others Concerned

0% VAT transactions that are now subject to 12%



Suspension of RR 9-2021

Is it still advantageous to the company to apply for PEZA registration?

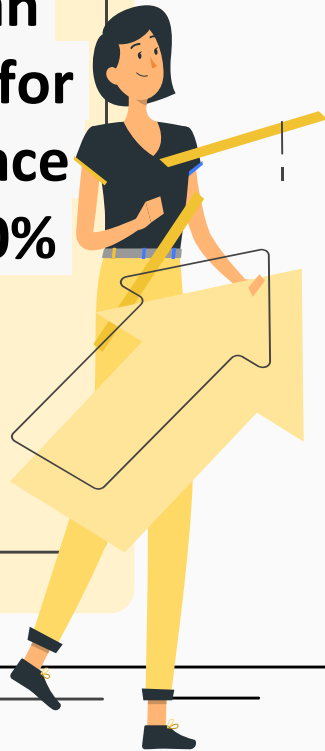
Fiscal Incentives include the following:

(Special Economic Zone Act of 1995, amended by RA 8748)

- Income Tax Holiday for a certain number of years, which translates to 100% exemption from corporate income tax
- Tax and duty free importation of raw materials, capital equipment, machineries and spare parts
- Exemption from wharfage dues and export tax, impost or fees
- VAT zero-rating of local purchases subject to compliance with BIR and PEZA requirements
- Exemption from payment of any and all local government imposts, fees, licenses or taxes
- Exemption from expanded withholding tax



Without PEZA registration, can we always file for VAT Refund since our sales is 100% export?



Under **Section 122 of the Tax Code**, VAT registered TP can claim a refund in the following cases:

1. Input VAT is attributable to zero-rated sales or effectively zero-rated sales of goods, properties or services;
2. When the taxpayer chooses to close its business.

On VAT Refund, if I have failed to submit one of the requirements, e.g. failed to do withholding VAT on NRFC? Is that a ground for my VAT refund to be denied?

Changes in the documentary requirements for VAT refund claims under Section 112 of the Tax Code

ONLY APPLICATIONS WITH COMPLETE DOCUMENTS ARE TO BE PROCESSED

PARTICULARS	OLD REQUIREMENTS (RMC NO. 47-2019)	NEW REQUIREMENTS (RMO NO. 47-2020)
Total number of requirements	39	30
Documents obtained from local sources that need to be certified by issuing agency or person	16	5
Documents obtained abroad that need to be consularized/apostilled	1	None
Submission of photocopies and original copies of sales invoices/ official receipts for sales of goods or services including supporting	Both photocopy and original	Original copies only (scanned copies in a memory device). The original copies shall be returned to the claimant after processing thereof)
Submission of photocopies and original copies of sales invoices/official receipts for purchases of goods or services	Both photocopy and original	Original copies only (scanned copies in a memory device). The original copies shall be returned to the claimant after verification and stamping of "VAT Refund Claimed" and processing thereof)
Notarized Sworn affidavits	5	2

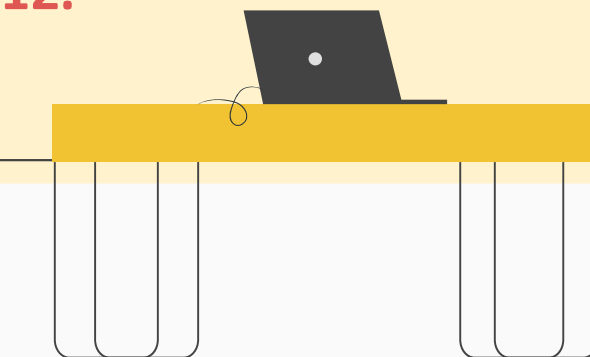
If for our export sales, we only issue computerized invoice for sending to export clients & we only have BIR official receipts being BPO service entity, will this cause denial of our VAT refund claims? What if all we have are computerized documents & not the BIR registered ones?



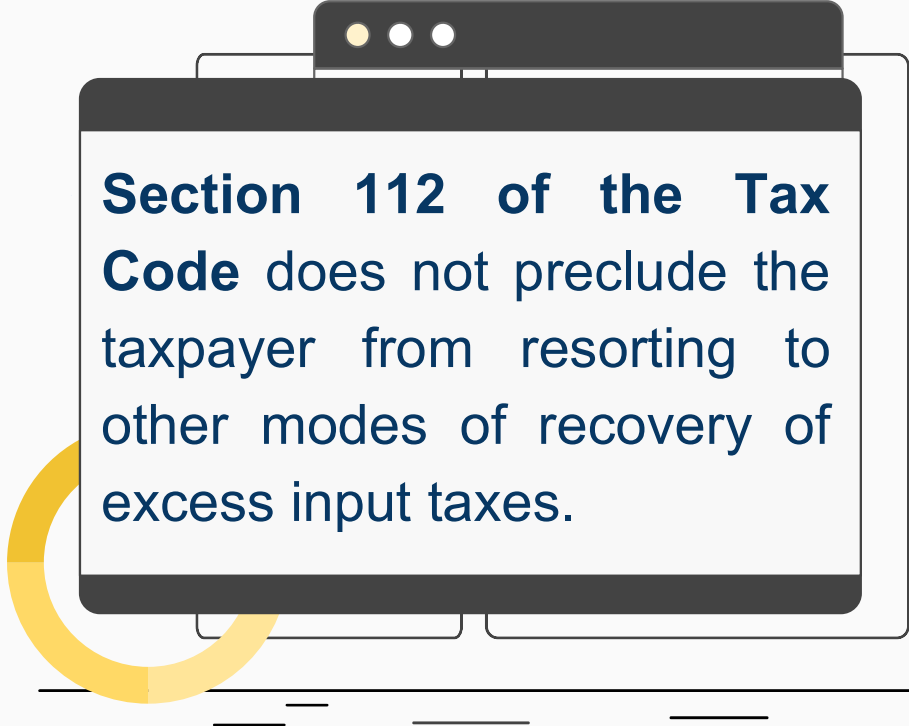
Original Copies of Invoices/Receipts & other Supporting Documents

RMC No. 14-2021: VAT refund claims prior Jan. 19, 2021 is subject under RMC No. 47-2019 and RMO No. 25-2019.

Secure Authority To Print (ATP) principal and supplementary receipts/invoices from the BIR following RR No. 18-2012.



Can we claim as
credits denied
input vat
refund?



Section 112 of the Tax Code does not preclude the taxpayer from resorting to other modes of recovery of excess input taxes.

Can we treat denied input vat refund as deductible expense?

In BIR Ruling No. DA 591-2004, a taxpayer-claimant may claim the denied input VAT refund as deduction for income tax purposes if the denial was due to the following reasons:

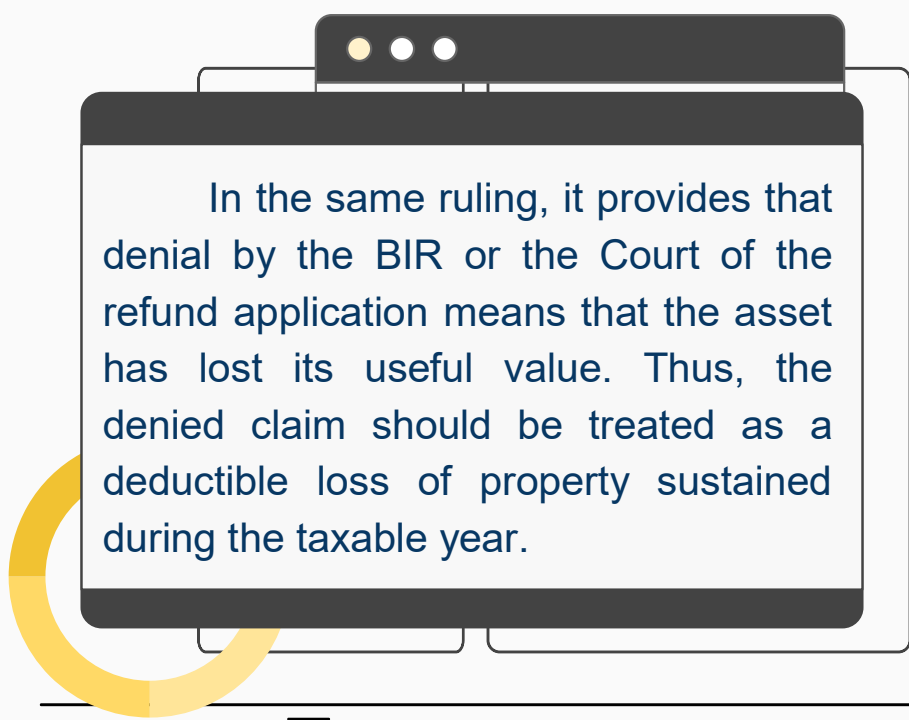
Reason 1

- Failure to comply with certain sales invoicing requirements, such as failure to issue VAT invoice/receipt with the word “zero-rated” printed thereon, or issuance of invoices/receipts that had not been registered with the BIR; or

Reason 2

- Failure to show evidence that the input taxes sought to be refunded were not carried over and applied against any output VAT in the succeeding periods.

What is the accounting entry for denied claim for input vat refund?

An illustration of a computer monitor with a dark grey bezel and three small circles (yellow, white, white) at the top center. The screen is white and contains blue text. A yellow circular graphic element is partially visible on the left side of the monitor.

In the same ruling, it provides that denial by the BIR or the Court of the refund application means that the asset has lost its useful value. Thus, the denied claim should be treated as a deductible loss of property sustained during the taxable year.

Revenue Memorandum Circular (RMC) No. 42-2003, it states that denial of claims for refund for failure to comply with sales invoicing requirements shall be *“without prejudice to the right of the taxpayer to charge the input taxes to the appropriate expense account or asset account subject to depreciation”*.

We are a 100% semicon manufacturing export direct oriented enterprise under PEZA. How do we treat those input VAT from general & administrative expenses such as professional fees, office supplies, etc.?

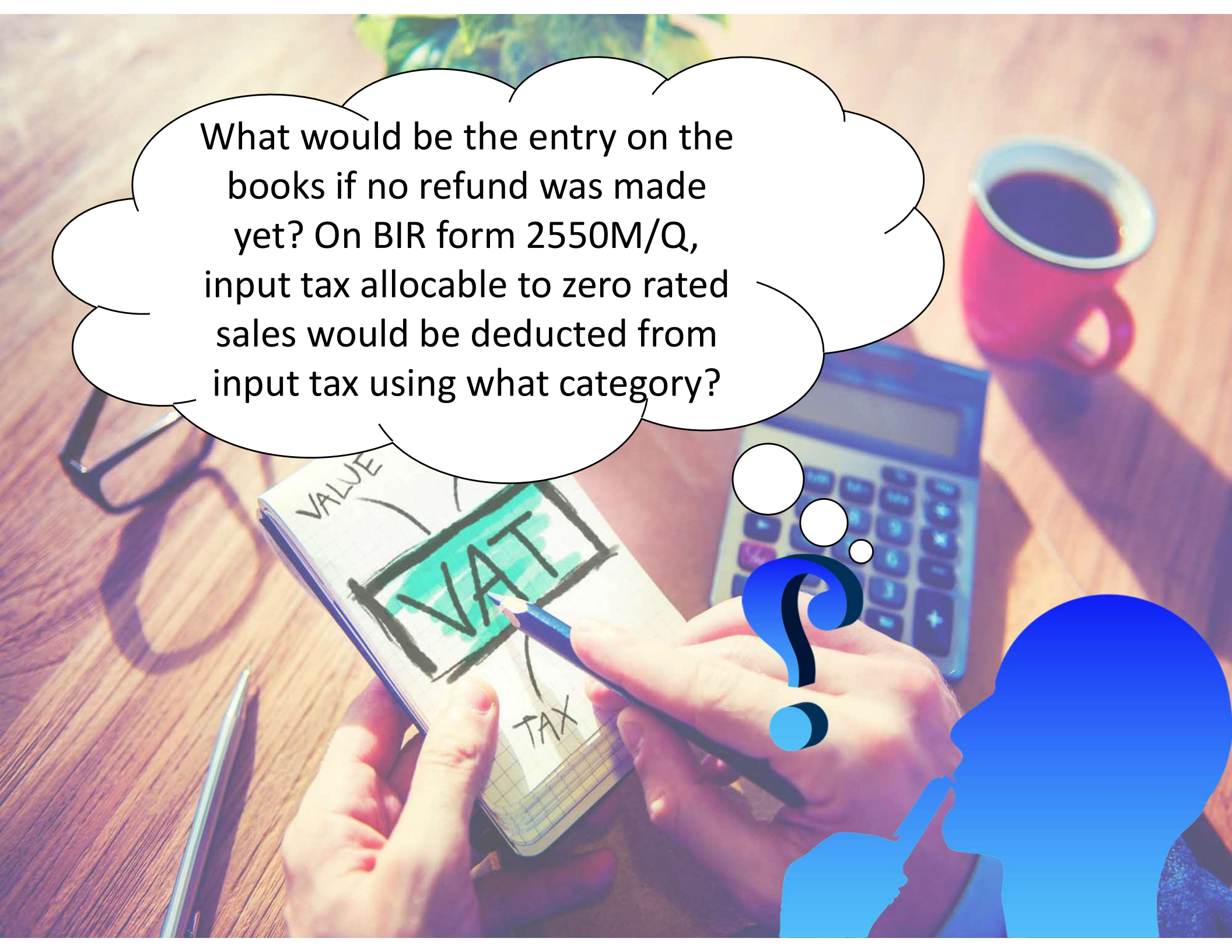


- refunded?
- form part of the expenses?



What would be the entry on the books if no refund was made yet? On BIR form 2550M/Q, input tax allocable to zero rated sales would be deducted from input tax using what category?

VALUE
VAT
TAX



Apply for TCC within two (2) years
from the quarter sale; or

Carry-over to
the next
month or
quarter until
fully utilized;

Apply for Tax
Refund within
two (2) years
from the
quarter of sale

EXCESS INPUT TAX ATTRIBUTABLE TO ZERO-RATED SALES

[Sec. 110 (B) of the Tax Code]

Should **zero
rated sales**
have separate
official
receipts?





Is the request for refund always
on a **quarterly basis?**

Section 112(A) of the Tax Code

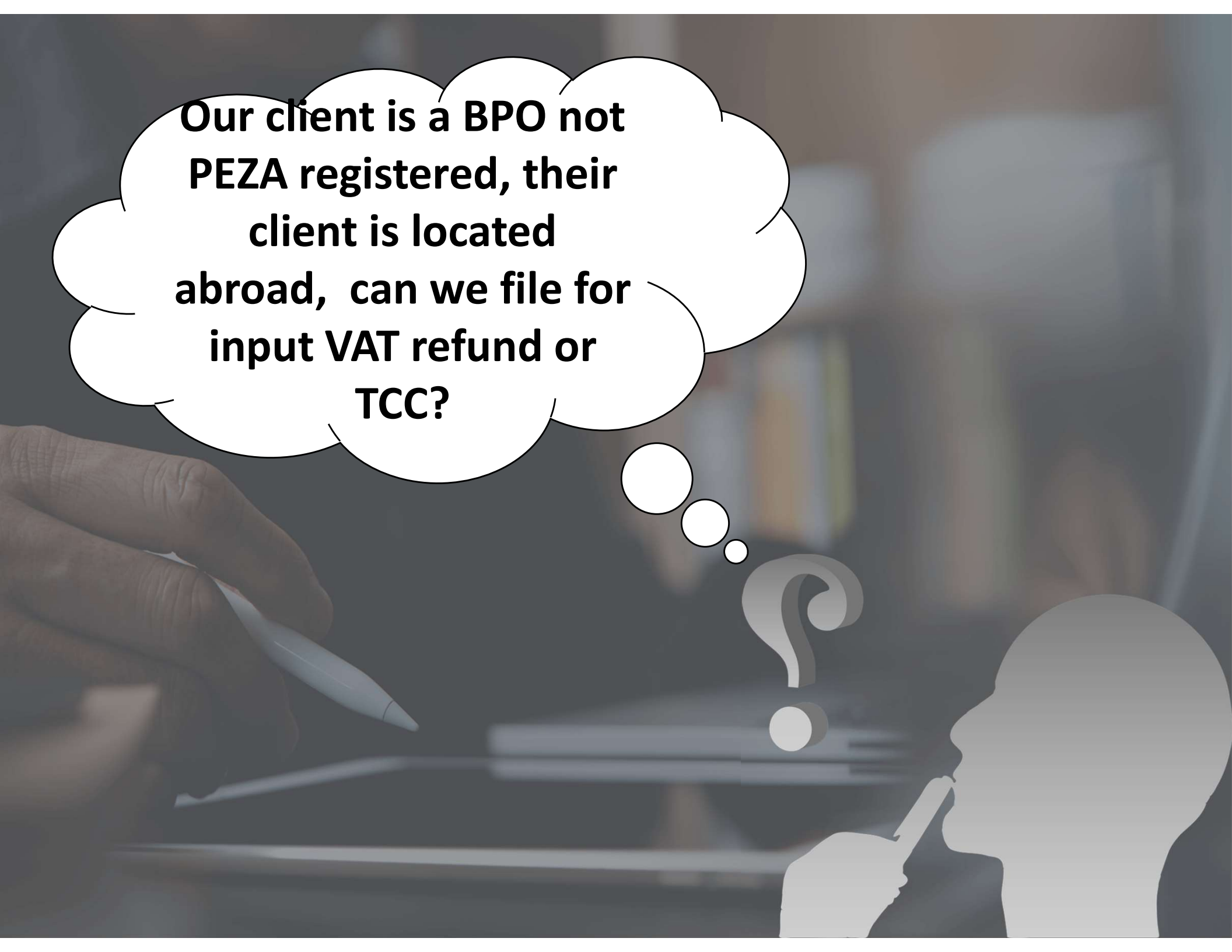
Within 2 years after the close of the taxable quarter
when the sales were made

Revenue Memorandum No. 47-2020



Time frame to grant claims for VAT refund is **90 days** from the date of submission of official receipts or invoices & other documents in support of the application



A hand holding a pen is shown on the left side of the image, pointing towards a large thought bubble. The thought bubble contains text. Below the main bubble are three smaller circles and a question mark, leading to a silhouette of a person thinking. The background is a blurred office setting.

**Our client is a BPO not
PEZA registered, their
client is located
abroad, can we file for
input VAT refund or
TCC?**

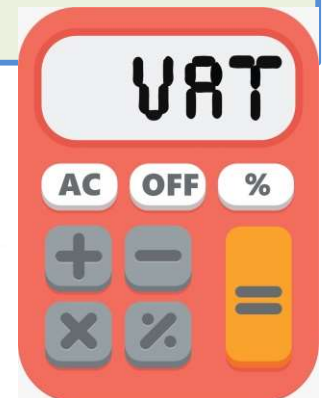
SUPPLY OF JANITORIAL SERVICES TO PEZA BPO

R.A 8424 SEC. 5 OF AS AMENDED BY R.A 11534



direct & exclusive use in the registered project or activity refers to raw materials, inventories, supplies, equipment, goods, services & other expenditures necessary for the registered project or activity without which the registered project or activity cannot be carried out.

12%



Are Ecozone Logistics Service Enterprises duly registered with PEZA one of the exclusions under CREATE?





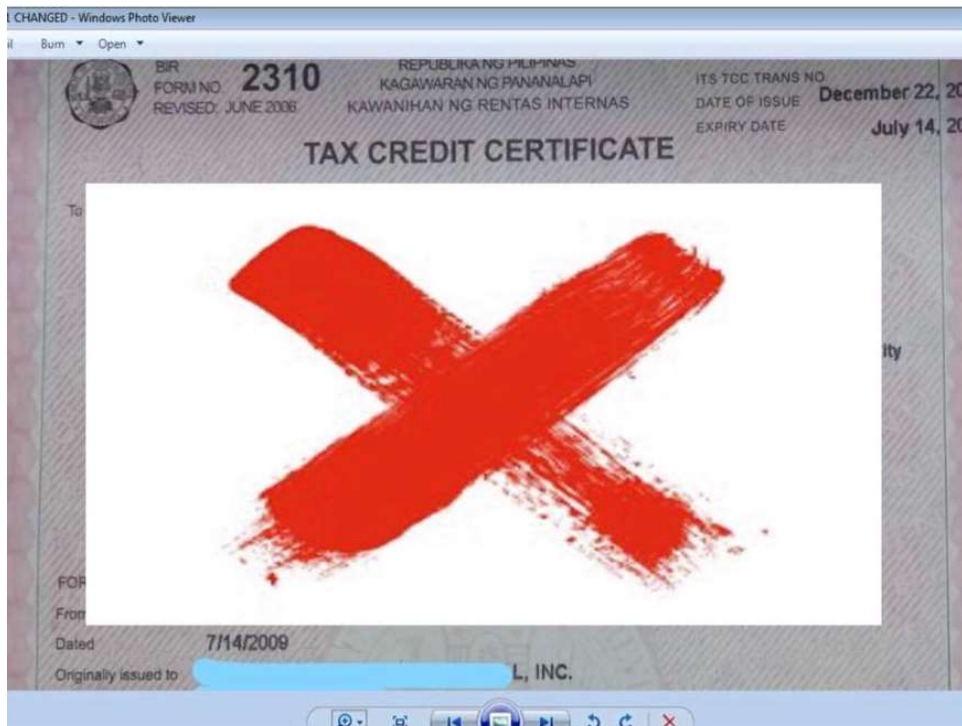
On the part of the supplier, how can we determine that the goods bought to us are for registered activity?



Will the vat zero certificate be enough?



TO REFUND OR NOT TO REFUND



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

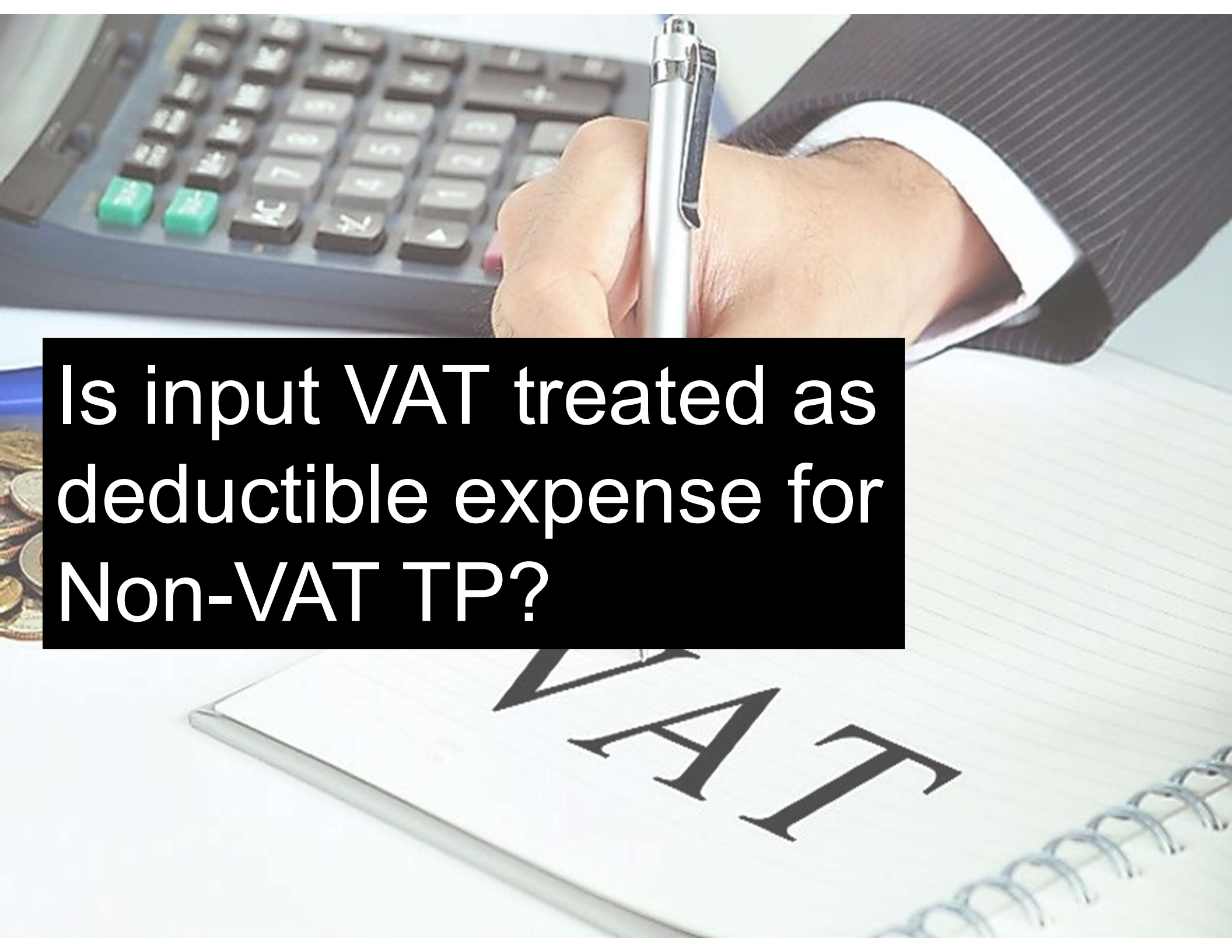
BIR Form No.
1914
April 2019 (ENCs)

Application for Tax Credits/Refunds
Enter all required information in CAPITAL LETTERS using BLACK Ink. Mark all applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the Taxpayer.

1914 04/19ENCs

Part I – Background Information			
1 Taxpayer Identification Number (TIN)	<input type="text"/>		2 RDO Code <input type="text"/>
3 Taxpayer's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)			
4 Registered Address (Indicate complete address. If branch, indicate the branch address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)			
5 Contact Number		6 Email Address	
4A ZIP Code <input type="text"/>			
Part II – Details of Tax Credits/Refunds			
7 Tax Type <input type="text"/>	8 Period Covered (MM/DD/YYYY) (From) <input type="text"/> (To) <input type="text"/>		9 Mode of Claim <input type="checkbox"/> Tax Refund <input type="checkbox"/> Tax Credit Certificate
10 Claim Amount <input type="text"/>			

For unused input VAT, TCC is no longer applicable.
Hence, you are only allowed to claim refund or not.

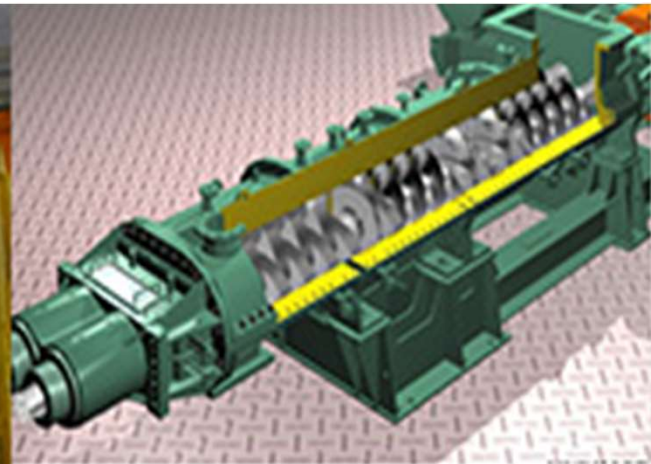
A close-up photograph of a person's hand in a dark suit sleeve holding a silver pen. The hand is positioned over a computer keyboard, with the pen tip pointing towards the keys. In the foreground, a spiral-bound notebook is open, and the word 'VAT' is written in large, bold, black letters on the page. The background is slightly blurred, showing more of the keyboard and the notebook's pages.

Is input VAT treated as deductible expense for Non-VAT TP?

CLAIM FOR INPUT VAT REFUND MUST BE FULLY SUBSTANTIATED

KURIMOTO (PH) CORP VS. CIR

CTA CASE NO. 9740, SEPTEMBER 17, 2021



Industrial
Infrastructure

Providing the most suitable
system.

SERVICE FEES PAID TO JAPAN NRFC WITH NO PE IS EXEMPT FROM FWT & FVAT THOUGH THERE IS SERVICE RENDERED IN PH SINCE TP IS PEZA

BIR ITAD RULING NO. 033-21, JUNE 18, 2021



Philippines-Japan Tax Treaty

- ✓ PARAGRAPH 1, ARTICLE 7:
- ✓ PARAGRAPH 1, 2, AND 6, ARTICLE 5:

profits of enterprise of Contracting State shall be taxable only if there is an existing permanent establishment situated therein & profits are attributable to permanent establishment




Even if the services are performed in PH



12% VAT
exempt

WHAT'S THE LATEST ON CREATE LAW PROVISIONS ON E- INVOICING & E-RECEIPTING?

 **PHILIPPINE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS**
PICPA 700 SHAW BLVD., VACK VACK, MANDALUYONG CITY
TEL NO. 723-0851 TO 93 * DIRECT LINE 723-6306 * FAX 723-6305
VAT REG. TIN: 000-216-074-00000

OFFICIAL RECEIPT No. **510378**

DATE SEP - 1, 2024
RECEIVED FROM [REDACTED]
PRC-LIC. NUMBER [REDACTED]
ADDRESS [REDACTED] Suite 4 - Legaspi Village, Mandaluyong City
Business Style _____
THE AMOUNT OF Two thousand five hundred only (P 2,500)
IN PAYMENT OF _____

NATURE OF RECEIPT	AMOUNT
ADVERTISEMENT	
CONFERENCE REGISTRATION FEE	
DONATION	
ENTRANCE FEE (INITIAL MEMBERSHIP)	
HANDLING FEE	
MANAGEMENT FEE	
MEMBERSHIP DUES FOR 20 _____ TO 20 _____	
REGISTRATION FEE	
RENTAL INCOME	
SEMINAR FEE	
SUBSCRIPTION - ACCOUNTANTS JOURNAL	
SUSTAINING LIFE MEMBERSHIP (SUM) FEE	
OTHERS <u>[REDACTED]</u>	
Total Sales (VAT Inclusive)	P
Less: VAT	
Total	
Less: SC/PWD Discount	
Total Due	
Less: Withholding Tax	
Total Payment	P
VATable Sales	2,252.18
VAT Exempt	
Zero Rated Sales	
VAT Amount	247.82
Total Sales	
Less: Withholding Tax	
Amount Due	2,252.18

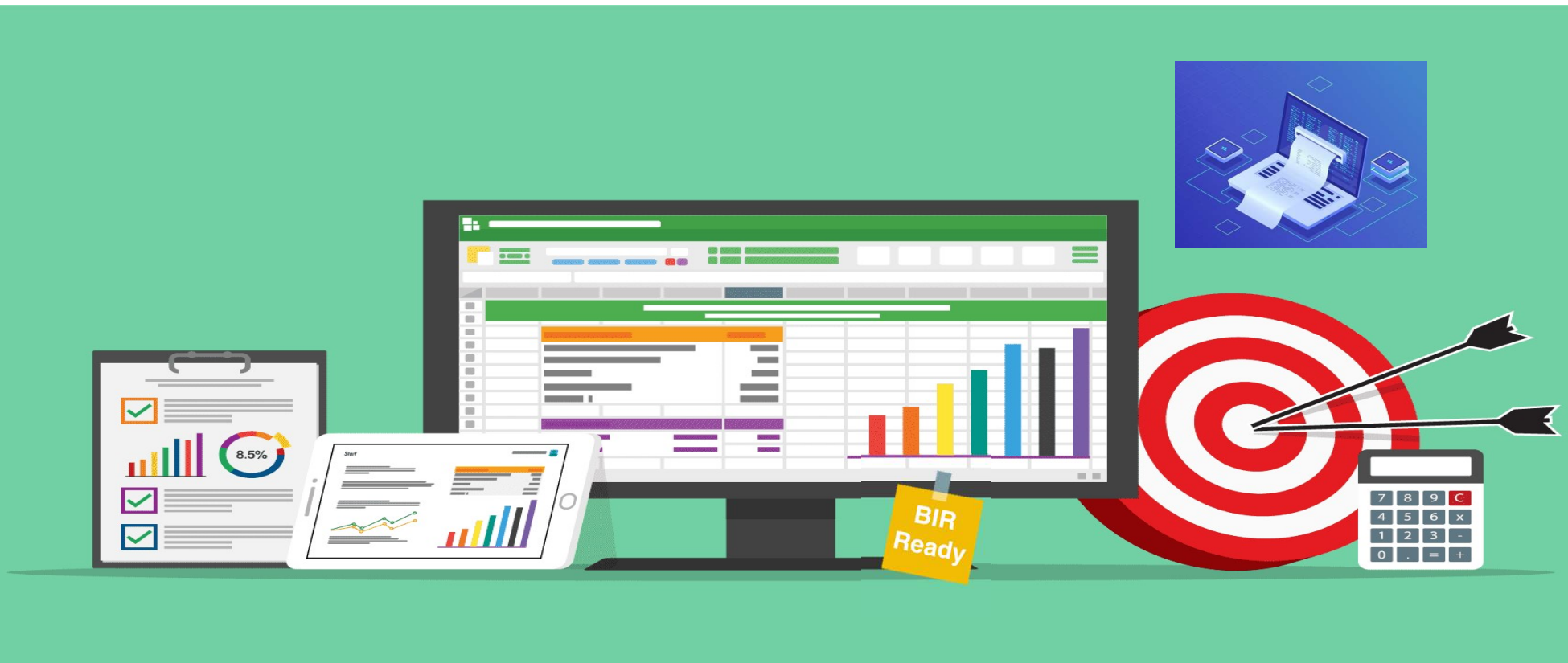
MODE OF PAYMENT: CASH CHECK Bank Bank Transfer 8/24
Check No. _____ Date _____

SMC
AUTHORIZED SIGNATURE
Printed Name: _____
Date Issued: January 06, 2024

7000 2474 (504) 400001 - 550000
OR Authority to Print No. 34U0001435332
Date Issued: 11/19/2018 Valid Until: 11/18/2023
PRINTED IN THE PHILIPPINES INC. TEL: 007-449-078-000 VAT
No. 2nd & 3rd De Los Reyes Bldg. Juan Luna St. Mandaluyong

THIS OFFICIAL RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATZ

WE HAVE CAS ALREADY. DO WE NEED TO REGISTER AGAIN ANY SYSTEM UPGRADE TO COMPLY WITH e-INVOICING & e-RECEIPTING?





INPUT TAXES DOES NOT NEED TO BE DIRECTLY
ATTRIBUTABLE TO ZERO-RATED SALES SO THAT THEY
CAN BE VALIDLY REFUNDED

[CIR VS. MAERSK GLOBAL SERVICE CENTRES (PHILIPPINES) LTD., CTA CASE NO. 9432, JULY 29, 2021]



- RR No. 14-2005, deletes the requirement that input VAT being claimed for refund should be "directly and entirely attributable" to zero-rated sales
- TP was able to sufficiently prove that the input VAT has not been applied against any output tax



DECISION:



TP is entitled for Refund or TCC

SHELL FLEET SOLUTIONS

TOGETHER ANYTHING IS POSSIBLE

12 August 2021

Subject: **Revenue Regulations No. 15-2021 | Deferral of Imposition of Twelve Percent (12%) Value-Added Tax**

Dear Valued Business Partner,

Good day! We hope you are safe and healthy.

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 15-2021 deferring the implementation of RR 9-2021, which subjected to the 12% Value Added Tax (VAT) particularly transactions considered as export sales under Executive Order No. 226 or the Omnibus Investments Code of 1987, and other special laws. The deferral, however, did not clarify whether our sales to our PEZA customers are effectively or automatic zero rated. Under the CREATE Law, the VAT zero rating shall apply only to local purchases of goods directly and exclusively used in the registered project or activity by registered business enterprises located inside an economic zone or freeport.

In view of the above, our applications for effectively zero rating which remained pending with the BIR will be subjected to VAT and not qualify for zero rating.

However, as PEZA locators, you have the option of either claiming as deduction to the output VAT the passed on VAT or claim refund from the BIR. On our part, we will continue to seek official clarification from the BIR on this matter.

Again, we suggest engaging and consulting your tax team to assess and weigh-in the options, risk and the implications that may arise from this development.

Please feel free to get in touch with our Customer Service team at +632 8878 8811 for any clarifications or concerns. Thank you very much.

MERCHANTS POSITION ON RR 15- 2021



28°C Haze



ENG

7:32 pm

18/09/2021





NON-SUBMISSION OF SUPPORTING DOCUMENTS AT THE ADMINISTRATIVE LEVEL IS NOT FATAL TO THE CLAIM FOR A REFUND BECAUSE JUDICIAL CLAIMS ARE LITIGATED DE NOVO

CIR VS. NANOX PHILIPPINES, INC., G.R. NO. 230416, MAY 5, 2021 UPLOADED JULY 30, 2021





THE TAXPAYER-CLAIMANT NEED NOT WAIT FOR THE CIR'S ACTION OR REQUEST TO SUBSTANTIATE THE REFUND CLAIM BY SUBMITTING NECESSARY DOCUMENTS





DOCUMENTS NOT SUBMITTED AT THE ADMINISTRATIVE
LEVEL CANNOT BE PRESENTED IN SUPPORT OF THE
JUDICIAL CLAIM





Failure to submit supporting documents at the administrative level is not fatal to the claim for a refund because judicial claims are litigated from the ground up



Sections 204(c) & 229 NIRC only require that an administrative claim be priorly filed, that is, to give the BIR at the administrative level an opportunity to act on said claim



All evidence, regardless of whether or not presented at the administrative level, can be considered & given credence in determining the propriety of tax refund





FISCAL INCENTIVES REVIEW BOARD

SEARCH

CONTACT US

✉ firbsecretariat@ntrc.gov.ph

[HOME](#)

[INVEST IN THE PHILIPPINES](#)

[AVAILABLE INCENTIVES](#)

[APPLY FOR INCENTIVES](#)

[FIRMS](#)

[FAQs](#)

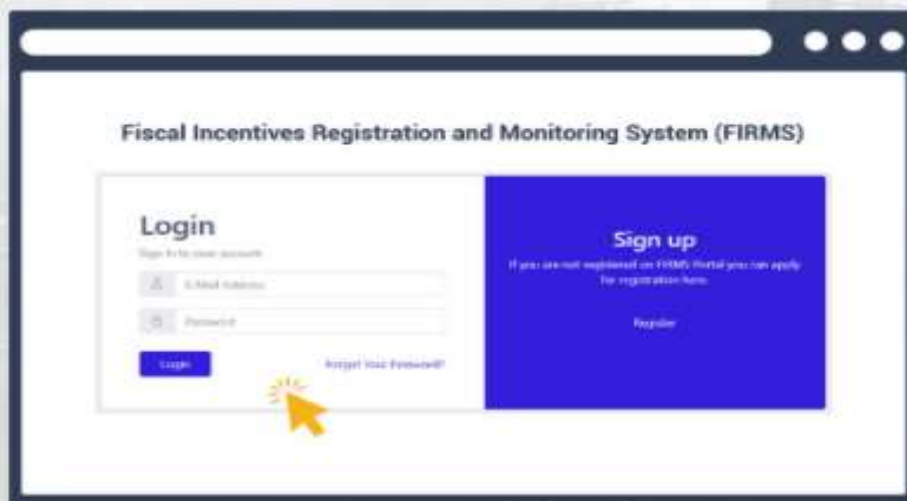
[NEWS](#)

[RESOURCES](#) ▾

[ABOUT FIRB](#) ▾

THE FISCAL INCENTIVES REGISTRATION AND MONITORING SYSTEM (FIRMS) IS NOW LIVE. CLICK [HERE](#) TO CREATE A FIRMS ACCOUNT FOR YOUR ENTERPRISE.

Who should create a Fiscal Incentives Registration and Monitoring System (FIRMS) account?



The screenshot shows the FIRMS (Fiscal Incentives Registration and Monitoring System) login and sign-up page. The page is titled "Fiscal Incentives Registration and Monitoring System (FIRMS)". On the left, there is a "Login" section with the text "Sign in to your account". It includes a "E-Mail Address" field, a "Password" field, a "Login" button, and a "Forgot Your Password?" link. On the right, there is a "Sign up" section with the text "If you are not registered on FIRMS Portal you can apply for registration here" and a "Register" button. A yellow mouse cursor is pointing at the "Forgot Your Password?" link.

- 1 Businesses looking to register a new activity/project and apply for tax incentives**

Get in touch with one of our IPAs first before creating an account.

- 2 Business enterprises with at least one activity/project currently registered with an IPA**

This will be helpful in further submissions to IPAs and the FIRB later on.

Note: A registered business enterprise may create only one FIRMS account.

DOF pushes for updates to investment laws

By Ben O. de Vera@bendeveraINQ

January 27, 2022 12:00:00





- Provides IT Services
- Registered w/ PRC

CAN WE BE QUALIFIED AS PEZA-ENTERPRISE UNDER CREATE LAW?

Transitional SIPP: IPAs are accepting **ONLY** sectors w/ the ff **activities/projects**

- T1-High potential for job creation; take place in sectors w/ market failures; value creation; support sectors critical to industrial dev't;
- T2-Produce supplies, parts, components & intermediate services not locally produced but critical to industrial dev't & import-substituting activities;
- T3-R&D resulting in improved productivity & efficiency, breakthroughs in science & health, & high-paying jobs; new knowledge licensed in PH; commercialization of patents, industrial designs, copyrights & utility models co/owned by RBE; technical manufacturing; necessary for structural transformation of economy

PURCHASER CAN REQUEST MANUAL RECEIPT BEARING ITS INFORMATION

RR 16-2018



Sample Only U3 [REDACTED] "Annex C.1.1"
 VAT Reg. TIN: [REDACTED]

OFFICIAL RECEIPT

Received From: _____ Date: _____
 TIN: _____ OSCA/PWD ID No.: _____
 Address: _____ SC/PWD Signature: _____
 Business Style: _____

QUANTITY	UNIT	ARTICLES	UNIT PRICE	AMOUNT
Mode of Payment:		VATable Sales	Total Sales (VAT Inclusive)	
Cash:		VAT-Exempt Sales	Less: VAT	
Check:		Zero Rated Sales	Amount Net of VAT	
Check No.:		VAT Amount	Less: SC/PWD Discount	
			TOTAL AMOUNT DUE	

10 BkIts (3x) 1001-1500
 BIR Authority to Print No. **3AU000805222**
 Date Issued : **07-30-13: Valid until 07-29-2018**
 JDC PRINTING SERVICES, INC.
 Bgy. 123, Quezon City
 TIN: 123-456-789-0000

Issued by: _____
 (Print Name and Signature)
 Printer's Accreditation No. P08051200
 Date Issued: 08-01-12 **No. 1001**

THIS OFFICIAL RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP.

RECRUITMENT & JOB PLACEMENT: DIRECT OR INDIRECT?

To our valued hirer,

In December 2021, BIR released Revenue Regulation 21-2021 which was made effective from the third quarter of Taxable Year 2021. This Revenue Regulation enumerates the types of services which can be subjected to VAT zero rating and recruitment cost is not one of these. Thus said, we will only treat your transaction with us as VAT zero-rated if you will send us an endorsement from the concerned IPA like PEZA, BOI or the likes which specifically states that your **recruitment cost is directly and exclusively used for your registered activity**. Without this endorsement, all your transactions with us will include 12% VAT.

JOBSTREET POSITION DESPITE DEFERMENT OF 12% VAT IMPOSITION TO PEZA-REGISTERED TP



BILLING/INVOICE

Bill To:

[Redacted]
TOA Global Pampanga Inc.
2nd Floor [Redacted]
Philexcel Bldg [Redacted]
Clark, Pampanga [Redacted]
Central Luzon [Redacted]
VAT REG [Redacted] 000
Tel: 63 [Redacted]
Fax: 63 [Redacted]
Email: [Redacted]

Customer Account : T [Redacted]
Billing/Invoice No. : PHMDINV/210121543
Billing/Invoice Date : 12 Aug 2021
Account Manager : Aira Calvez
Payment Term : 30 days upon invoice
PO :
SA :
Payment Mode :
Reference :
Receipt No. :
Printed By : @ 18 Aug 2021 03:56 PM
Internal Code : C1 - I

No	Order Description	Qty	Unit Price (PHP)	Amount (PHP)
1	250 Branded Ad/PH to PH site/Valid 12 months/BPO-Manila-Provincial/STD H1			
	* Job Posting (12 Aug 2021 To 12 Aug 2022)	250	2,000.00	500,000.00
	* Branding (12 Aug 2021 To 12 Aug 2022)	250	400.00	100,000.00
	* ReAlert for low response ad (12 Aug 2021 To 12 Aug 2022)	1	Bundled	0.00
Sub Total :				600,000.00

REPUBLIC OF THE PHILIPPINES
PHILIPPINE ECONOMIC ZONE AUTHORITY
Roxas Boulevard cor. San Luis St.
Pasay City

AMENDED
Certificate of Registration

LANDLORD PASSING ON VAT VALID OR NOT?

ECOZONE FACILITIES ENTERPRISE

at the

CAVITE ECONOMIC ZONE and CALAMBA PREMIERE INTERNATIONAL PARK, FIRST CAVITE INDUSTRIAL ESTATE, LAGUNA INTERNATIONAL INDUSTRIAL PARK, CARMELRAY INDUSTRIAL PARK, CARMELRAY INDUSTRIAL PARK II, LAGUNA TECHNOPARK – SPECIAL ECONOMIC ZONES, BAGUIO CITY ECONOMIC ZONE, LAGUNA TECHNOPARK ANNEX, LIGHT INDUSTRY AND SCIENCE PARK III and LIGHT INDUSTRY AND SCIENCE PARK OF THE PHILIPPINES

VAT CHARGES
OF SHELL TO
PEZA

RR 9-2021 & Sec 5 RA 8424, as
amended by RA 11534



12 August 2021

Subject: Revenue Regulations No. 15-2021 | Deferral of Imposition of Twelve Percent (12%) Value-Added Tax

Dear Valued Business Partner,

Good day! We hope you are safe and healthy.

The Bureau of Internal Revenue (BIR) has issued Revenue Regulations (RR) No. 15-2021 deferring the implementation of RR 9-2021 which imposed a 12% Value-Added Tax (VAT) on sales of goods to PEZA-registered business enterprises located in Economic Freeport Zones (EFZs).

Order No. 226 or the Omnibus Investments Code of 1987, and other special laws. The deferral, however, did not clarify whether our sales to our PEZA customers are effectively or automatic zero rated. Under the CREATE Law, the VAT zero rating shall apply only to local purchases of goods directly and exclusively used in the registered project or activity by registered business enterprises located inside an economic zone or freeport.

In view of the above, our applications for effectively zero rating which remained pending with the BIR will be subjected to VAT and not qualify for zero-rating.

However, as PEZA locators, you have the option of either claiming as deduction to the output VAT the passed on VAT or claim refund from the BIR. On our part, we will continue to seek official clarification from the BIR on this matter.

Again, we suggest engaging and consulting your tax team to assess and weigh-in the options, risk and the implications that may arise from this development.

Please feel free to get in touch with our Customer Service team at +632 8878 8811 for any clarifications or concerns. Thank you very much.

Thank you for your continued support.

Best Regards,

SHELL FLEET SOLUTIONS



Philippine Economic Zone Authority

PEZA-ERD Form No. 97-01
Certificate No. 2022 - 0133

CERTIFICATION

This is to certify that [REDACTED] CORPORATION (S [REDACTED] he Laguna Technopark Annex, is a PEZA-registered Ecozone Export Enterprise with Registration Certificate No. 13-109 dated 10 June 2013. (Please see attached Annex "A" for registered activities which is an integral part of this certification.)

This is to further certify that S [REDACTED] a qualified enterprise for the purpose of VAT zero-rating of its transactions with its local suppliers of goods and services directly and exclusively used in the registered project or activity, in accordance with Section 295 D of R.A. 11534 otherwise known as the Corporate Recovery and Tax Incentives Act or the CREATE Law and Rule 2 Section 5 of the Rules and Regulations to Implement Title XIII of CREATE Law and applicable Revenue Regulations of the BIR.

This certification is issued upon the request of [REDACTED] or whatever legal purpose it may serve, and is valid for the year 2022, unless otherwise revoked or suspended by PEZA prior to expiration of said period. This certification is automatically revoked in the event of cancellation of S [REDACTED] EZA registration, effective on the date of said cancellation.

Further, availment of incentives under this certification shall be subject to any applicable provisions of the Implementing Rules and Regulations of R.A. 11534 otherwise known as the Corporate Recovery and Tax Incentives Act or the CREATE Law and its Implementing Rules and Regulations, effective 11 April 2021, particularly on the VAT zero-rating incentive and on Sec. 311 of the said law which provides for a ten (10) year transition period for the enjoyment of the incentives granted to registered enterprises prior to the effectivity of the CREATE Law on 11 April 2021.

PEZA-ERD Form No. 97-01
Certificate No. 2022-0133
Annex "A"

[REDACTED] (LS.) CORPORATION

Registered Activity	Reference
Original Project: Manufacture, production, fabrication or assembly and export of shaft kits, fasteners for sheet metal and customized components such as, but not limited to, bracket pins and shafts at the Laguna Technopark Annex – SEZ	RA dd. 10 June 2013
Amendment: To include manufacturing of chemical products such as but not limited to chemicals used for nickel plating at the Laguna Technopark Annex - SEZ (Incentive co-terminus with the Original Project)	SA dd. 28 November 2018
New Project: Advance electroless plating services of precision metal parts for various application projects to be undertaken at the Laguna Technopark Annex - SEZ	SA dd. 07 March 2019

PEZA VAT CERTIFICATE



2022-0133



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by [Ben Rosario](#)

Vigorous government support for Filipino inventors, scientists and other technological experts give the Philippines a good chance of luring noted businessmen like billionaire Elon Musk to invest in the country.



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https://business.inquirer.net/299639/palace-approves-12-new-ecozones#ixzz6P7qRW35L

SECTIONS Wednesday, October 14, 2020

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Palace approves 12 new ecozones

By: [Roy Stephen C. Canivel - Reporter](#) / @roycanivel_inq Philippine Daily Inquirer / 05:10 AM June 11, 2020

Malacañang has approved a dozen new economic zones worth P6.4 billion in the middle of a pandemic, according to data from the Philippine Economic Zone Authority (Peza).

Peza Director General Charito Plaza said in a statement on Wednesday that the 12 ecozones that were approved from January to early June this year would host manufacturers and business process outsourcing firms that were eligible for tax incentives.

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Tax Management Association of the Philippines



UPHOLDING TAXPAYER RIGHTS
PROMOTING COMPLIANCE FUELING RECOVERY.

September 17, 2021

HON. CARLOS G. DOMINGUEZ

Secretary

Department of Finance

DOF Building, BSP Complex

Roxas Blvd., 1004, Manila

Attention: Undersecretary Antonette C. Tionko

Revenue Operations Group



Gentlemen:

Greetings from the Tax Management Association of the Philippines (**TMAP**).

TMAP most respectfully submits its comments on the draft Revenue Regulations to implement Sections 294(E) and 295(D) of the Corporate Recovery and Tax Incentives for Enterprise Act (the "**CREATE Act**"), and Section 5, Rule 2 and Section 5, Rule 18 of the Implementing Rules and Regulations of the CREATE Act (the "**IRR**") uploaded in the Bureau of Internal Revenue (BIR) website (the "**Draft Regulations**").



30°C Partly sunny



E

CROSS BORDER DOCTRINE

- Any sale of goods, property, or services
- made by a VAT registered supplier from Customs Territory
- to any registered enterprise operating in the ecozone
- regardless of the class or type of the latter's PEZA registration
- is actually qualified & thus
- legally entitled to the **0% VAT**

OUR APPRECIATION OF CREATE LAW IMPACT

- ❑ VAT system is not repealed
- ❑ Legal fiction
 - ❑ that an Ecozone is separate & outside customs territory under Sec. 8 PEZA Law is not repealed
- ❑ **RMC 74-99** clearly clarifies & remain to be long & outstanding reference of PEZA entities on VAT treatment of
 - ❑ intrazonas, interzonas &
 - ❑ RBEs with their local suppliers of goods & services from customs territory



FIRB GRANTS AUTHORIZATION FOR 90% WFH ARRANGEMENT FOR IT-BPM COMPANIES IN ECOZONES UNTIL MARCH 31, 2022

Registered business enterprises (RBEs) in the IT-BPM sector have up to September 30, 2021 to submit the necessary documentary requirements stated in the guidelines to their respective investment promotion agencies.



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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
FISCAL INCENTIVES REVIEW BOARD
MANILA

FIRB Resolution No. 19 - 21

August 2, 2021

WHEREAS, Section 2 of Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” or CREATE provides that the State shall, among others, (1) provide support to businesses in their recovery from unforeseen events such as an outbreak of communicable diseases or a global pandemic and strengthen the nation’s capability for similar circumstances in the future and (2) create a more equitable tax incentive system that will allow for inclusive growth and generation of jobs and opportunities in all the regions of the country:



WFH ARRANGEMENT FOR RBEs OF IT-BPM SECTOR

FIRB RESOLUTION NO. 19-21

- providing services in line with transitional SIPP
- **WFH until March 31, 2022**
 - **75%** = beg. January 1, 2022
 - **90%** = if State of Calamity due to COVID is extended any date beyond January 1, 2022
- # of laptops/equipment outside ecozone
- should not exceed # of employees under WFH



- **Bonds shall be posted for all equipment deployed**
- Revenues from export as required shall be maintained
 - regardless of allowed ratio of employees who will WFH
- current number of employees shall not be reduced
 - regardless if majority of their employees are working from home
- RBE shall **comply with reportorial requirements & site inspections**

CORPORATE



IT-BPM firms allowed to move duty-free equipment to support WFH staff

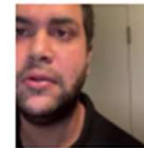
By: **Daxim L. Lucas - Reporter** / @daxinq Philippine Daily Inquirer / 03:56 PM September 17, 2021

MANILA, Philippines—Information technology and business process management firms in special economic zones will be allowed to deploy equipment—previously prohibited from being removed from company premises due to their duty-free status—to support the bulk of their employees’ work from home schemes.

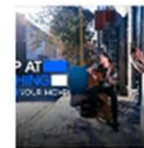
Thus said the Fiscal Incentives Review Board (FIRB) which recently released guidelines allowing IT and BPM enterprises in economic zones to adopt a 90-percent work-from-home arrangement until March 31, 2022 because of the COVID-19 pandemic.

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registration of export enterprise shall be
subject to cancellation if it consistently
fails to export at least 60%

RA No. 7042 or Foreign Investment Act of 1991
Sections 6 & 7 of RA No. 7042





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By Anna Leah E. Gonzales February 7, 2022 110

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The Philippine Economic Zone Authority (PEZA) has signed an agreement with the Asean-Japan Center (AJC) to promote trade and investment between the Philippines and Japan.

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IT-BPO investments hit P329 B – PEZA

Published February 4, 2022, 5:51 PM
by [Bernie Cahiles-Magkilat](#)

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The IT-business process outsourcing (IT-BPO) sector has generated P328.559 billion in investments, accounting for 12.33 percent of total investments in the country's various economic zones since 2000, the Philippine Economic Zone Authority (PEZA) reported.



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For income subjected to
regular CIT – taxes shall
be remitted to Nat'l
Gov't alone (BIR)

- **1%** to Nat'l Gov't (i.e. BIR)
- **1%** to Province of Bataan
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The logo for FAB (Foreign Airline Business) is displayed in a red-bordered rounded rectangle. It features the letters 'FAB' in a bold, blue, sans-serif font, followed by a stylized red and blue circular graphic element resembling a globe or a swirl.

FAB⁹

WHEN THE 5% PREFERENTIAL RATE IS APPLIED

Schedule 2 – Computation of Income Tax per Tax Regime				For Centavos; 49 Centavos or Less drop down; 50 or more round up)			
Description	A. Total Exempt		B. Total Special		C. Total Regular		D. Total All Columns
1 Sales/Receipts/Revenues/Fees <i>(From all of Part V-Sched B Item 1, if letter B of instructions above is marked)</i>							
2 Less: Sales Returns, Allowances and Discounts <i>(From all of Part V-Sched B Item 2, if letter B of instructions above is marked)</i>							
3 Net Sales/Receipts/Revenues/Fees <i>(Item 1 Less Item 2)</i>							
4 Less: Cost of Sales/Services <i>(From all of Part V-Sched B Item 4, if letter B of instructions above is marked)</i>							
5 Gross Income from Operation <i>(Item 3 Less Item 4)</i>							
6 Add: Other Taxable Income not subjected to Final Tax <i>(From all of Part V-Sched B Item 6, if letter B of instructions above is marked)</i>							
7 Total Taxable Income <i>(Sum of Items 5 and 6)</i>							
Less: Deductions Allowable under Existing Law							
8 Ordinary Allowable Itemized Deductions <i>(From Sched 5 Item 18) &/or (From all of Part V-Sched B Item 8, if letter B of instructions above is marked)</i>							
9 Special Allowable Itemized Deductions <i>(From Sched 6 Item 5) &/or (From all of Part V-Sched B Item 9, if letter B of instructions above is marked)</i>							
10 NOLCO <i>{Only for those taxable under Section 27 (A to C); Section 28(A)(1)(A)(6)(b) of the Tax Code, as amended} (For Special Rate: if w/ only 1 activity, From Schedule 8.1 Item 8; if with 2 or more activities, From all of Part V-Sched B Item 10; For Reg. Rate: From Sched 7.1 Item 8)</i>							
11 Total Itemized Deductions <i>(Sum of Items 8 to 10)</i>							
OR [in case taxable under Sec 27(A) & 28(A)(1)]							
12 Optional Standard Deduction (OSD) <i>(40% of Item 7)</i>							
13 Net Taxable Income/(Loss) <i>(If Itemized: Item 7 Less Item 11; If OSD: Item 7 Less Item 12)</i>							
14 Applicable Income Tax Rate <i>(i.e. Special or Regular/Normal Rate)</i>		0 %					
15 Income Tax Due other than MCIT <i>(For Special Rate: If with only 1 activity, (Item 3 OR Item 7) X Item 14; if with 2 or more activities, from all of Part V-Sched B Item 14; For Regular Rate Item 13 X Item 14)</i>			0.00				
16 Less: Share of Other Government Agency, if remitted directly						0.00	
17 Net Income Tax Due to National Government <i>(Item 15 Less Item 16)</i>							

WHEN THE 5% PREFERENTIAL RATE IS APPLIED

Part IV – Schedules		(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)	
Schedule 1 – Declaration this Quarter	A. EXEMPT	B. SPECIAL	
1 Sales/Receipts/Revenues/Fees			
2 Less: Cost of Sales/Services			
3 Gross Income from Operation <i>(Item 1 Less Item 2)</i>			
4 Add: Non-Operating and Other Taxable Income			
5 Total Gross Income <i>(Sum of Items 3 and 4)</i>			
6 Less: Deductions			
7 Taxable Income this Quarter <i>(Item 5 less Item 6)</i>			
8 Add: Taxable Income Previous Quarter/s			
9 Total Taxable Income to Date <i>(Sum of Items 7 & 8)</i>			
10 Applicable Income Tax Rate <i>[except minimum corporate income tax (MCIT) rate]</i>			
11 Income Tax Due Other than MCIT <i>(Item 9 x Item 10)</i>			
12 Less: Share of Other Agencies, if remitted directly			
13 Net Income Tax Due to National Government <i>(Item 11 Less Item 12) (To Part II Item 17)</i>			

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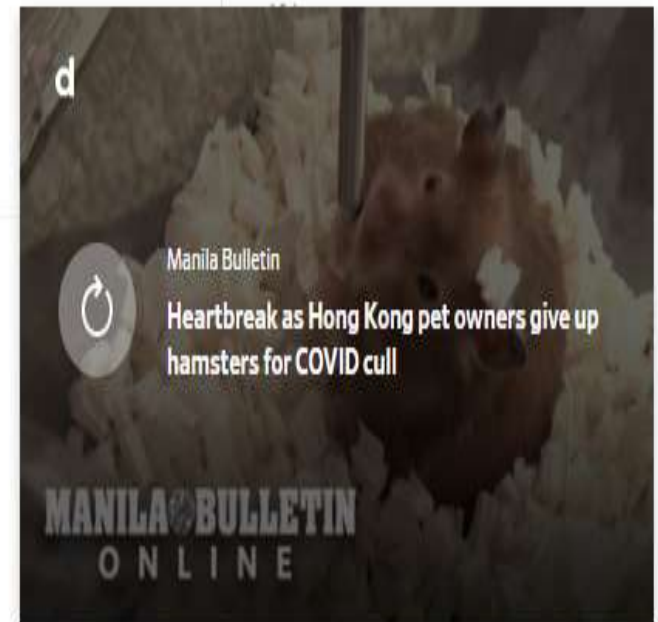
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