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### **BIR Issuances**

- **RMC No. 15-2023 issued on February 03, 2023** – Publication of Memorandum Circular No. 2023-001 by the Board of Investments (BOI) clarifying the coverage of logistic services as "Activities in Support to Exporters" under the 2022 Strategic Investment Priority Plan (SIPP)
- **RMC No. 17-2023 issued on February 06, 2023** – Publication of Fiscal Incentives Review Board (FIRB) Advisory No. 002-2023 regarding the availability of the templates for the Certificate of Entitlement to Tax Incentives (CETI)
- **RMC No. 18-2023 issued on February 06, 2023** – Publication of FIRB Administrative Order No. 001-2023, prescribing the supplemental guidelines to the registration of existing Registered Business Enterprises (RBEs) in the Information Technology — Business Process Management (IT-BPM) sector with the BOI
- **RMC No. 19-2023 issued on February 06, 2023** – Updates to the “List of VAT-Exempt Medicines” under Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to include certain medicines and medical devices for COVID-19 treatment
- **RMC No. 20-2023 issued on February 08, 2023** – Clarifying the provision of the application of the three (3) primary taxable bases in applying the excise tax rates for automobiles prescribed by RMC No. 63-22
- **RMC No. 23-2023 issued on February 17, 2023** – Amendments to the classification of One-Time Transactions (ONETT) and its corresponding processing time for the issuance of ONETT Computation Sheet (OCS) and Electronic Certificate Authorizing Registration (eCAR)
- **RMC No. 24-2023 issued on February 17, 2023** – Clarification on the qualifications of ELSEs for entitlement to VAT zero-rating incentives on local purchases of goods and services exclusively and directly used in registered projects or activities
- **RMC No. 26-2023 issued on February 27, 2023** – Updated list of accredited microfinance non-government organization

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- **RMO No. 6-2023 issued on February 9, 2023** – Updated and Consolidated Policies, Guidelines and Procedures for BIR Audit Program
- **RMO No. 7-2023 issued on February 23, 2023** – Policies, guidelines and procedures in the processing and monitoring of ONETT and issuance of Electronic Certificate Authorizing Registration (eCAR) through the eONETT System

## **BIR Issuances**

**Publication of the full text of Memorandum Circular No. 2023-001 by the Board of Investments (BOI) clarifying the coverage of logistic services as "Activities in Support to Exporters" under the 2022 Strategic Investment Priority Plan (SIPP) (Revenue Memorandum Circular No. 15-2023 issued on February 03, 2023)**

The Board of Investments (BOI) provided clarifications on the coverage of logistics services as one of the activities in support of exporters under the 2022 SIPP.

In relation to the definition of export enterprises under Sec. 293 (E) of the CREATE Act, the listing in the SIPP of logistic services as one of the "Activities in Support to Exporters" covers the Ecozone Logistics Services Enterprises (ELSEs) or ELSEs type 3, or combination of both, as follows:

1. Establishment of a warehouse storage facility; and
2. Importation or procurement from local sources and/or from other Philippine Economic Zone Authority (PEZA) registered enterprises of goods for resale, or for packing/covering (including marking, labelling), cutting or altering to customers' specification, mounting and/or packaging into kits or marketable lots thereof for subsequent sale, transfer or disposition for export.

ELSEs shall be considered as export enterprises if 70% of their output/services are rendered to another registered export enterprise. Hence, they can be entitled to VAT zero-rating on local purchases subject to conditions under existing issuances.

**Publication of Fiscal Incentives Review Board (FIRB) Advisory No. 002-2023 regarding the availability of the templates for the Certificate of Entitlement to Tax Incentives (CETI) (Revenue Memorandum Circular No. 17-2023 issued on February 06, 2023)**

The templates for the CETI covering the following types of projects are now available in the FIRB website:

<b>Classification of Projects</b>	<b>Annex</b>	<b>Updates</b>
1. CREATE Projects - Projects registered under Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives (CREATE) Act	Annex A	No change
2. "Pre-CREATE Projects" - Projects registered prior to the effectivity of the CREATE Act	Annex B	Minor changes

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3. "Renewable Energy Projects" - Projects registered under Republic Act (RA) No. 9513 or the Renewable Energy Act of 2008	Annex C	Minor changes
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Investment Promotion Agencies (IPAs) are required to use the updated templates beginning March 1, 2023.

All CETIs already issued on or before February 28, 2023 by the IPAs using the previous templates circulated last March 23, 2022 shall still be valid for the corresponding fiscal or calendar year, unless canceled, suspended, or withdrawn by the IPA or the FIRB.

The copies of the updated CETI templates may be accessed through the link below:

<https://firb.gov.ph/download/firb-advisory-no-002-2023-templates-for-the-certificate-of-entitlement-to-tax-incentives-cetis/>

**Publication of FIRB Administrative Order No. 001-2023, prescribing the supplemental guidelines to the registration of existing Registered Business Enterprises (RBEs) in the Information Technology — Business Process Management (IT-BPM) sector with the BOI (Revenue Memorandum Circular No. 18-2023 issued on February 06, 2023)**

**A. Coverage**

- The registration of RBEs in the IT-BPM sector with the BOI shall only be available to the following:
  - a.) Those availing of the transitory provisions under Section 311 of the Tax Code, as amended by the CREATE Act; or
  - b.) Those registered and with approved incentives under the CREATE Act on or before September 14, 2022
- IT-BPM RBEs shall file their request to register with the BOI through the prescribed "Request to Register with BOI Form" (Annex A of DTI Memorandum Circular No. 22-19) until **January 31, 2023**.
- The registration with BOI shall be on a per project or activity basis and not per enterprise.
- IT-BPM RBEs eligible to register with BOI but have decided not to exercise their option by January 31, 2023, and all RBEs registered with IPAs beginning September 15, 2022 onwards shall not be allowed to register with BOI under FIRB Resolutions No. 26-22 and 33-22 and shall be covered by Section 309 of the Tax Code, as amended.
- RBEs registered with the BOI shall be allowed to adopt up to 100% work from home (WFH) arrangements without adversely affecting the enjoyment of their fiscal and non-fiscal incentives upon issuance of the BOI Certificate of Registration (BOI-COR) on the date indicated therein.

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## **B. Availment of Incentives**

### **1. Issuance of BOI-COR**

- A separate COR for each registered project or activity endorsed by the concerned IPAs shall be issued by the BOI upon payment of the applicable fee.
- Covered RBEs may already implement 100% WFH arrangement from the date indicated in the official receipt issued upon payment of the P 2,250.00 registration fee, pending the issuance of the BOI-COR
  
- The BOI-COR shall contain the following information:
  - a.) The registered project or activity of the covered RBE;
  - b.) The remaining fiscal incentives;
  - c.) All necessary information as required in Rule 7, Section 2 of the Create Act Implementing Rules and Regulations (IRR); and
  - d.) An annotation stating the following:
    - Reference to FIRB Resolution No. 26-22, as extended FIRB Resolution No. 33-22;
    - Registration number of the COR issued by the concerned IPA including the date of issuance;
    - Date of registration of the RBE with BOI, which is the date indicated in the official receipt upon payment of the P 2,250.00 registration fee; and
    - Unique control number in the original COR issued by the concerned IPA, if applicable
  
- Covered RBEs must also submit to the concerned IPA the original COR issued by the concerned IPA for annotation of the above-mentioned information.
  
- Covered RBEs must comply with the terms and conditions of both the original COR and the BOI-COR to avail of both its fiscal and non-fiscal incentives.
  
- The IPAs, Bureau of Internal Revenue (BIR), and Bureau of Customs (BOC) shall refer to the BOI-COR as the basis for entitlement to the remaining fiscal incentives and to the original COR as the basis for entitlement to non-fiscal incentives of the covered RBEs.

### **2. Application for a CETI**

- Covered RBEs that have been issued a BOI-COR shall apply for a CETI with the concerned IPA before filing their income tax return (ITR).
  
- The CETI is an attachment to the ITR issued to RBEs once the concerned IPA has verified the RBE's entitlement to tax incentives.
  
- The CETI issued by the concerned IPA shall serve as valid and sufficient proof of the RBE's entitlement to tax incentives.

### **3. Application for a Certificate of Authority to Import (CAI)**

- Existing control procedures, process flows and documentary requirements of the IPAs and the BOC shall be observed since the CAI is not yet fully implemented.
- Covered RBEs shall apply for a CAI with the concerned IPA in accordance with Rule 9 of the CREATE IRR, as amended.
- The concerned IPA may either approve or disapprove the application for CAI. If approved, the concerned IPA shall provide viewing access to the concerned BOC office in relation to the corresponding CAI. Further, any action on the application for a CAI shall be communicated by the concerned IPA to the RBE applicant.
- The BIR and BOC shall consider the CAI as valid proof of entitlement to tax and/or duty-free importation, notwithstanding the BOI-COR.
- The CAI, or the related admission permit or import permit, or any other equivalent document issued by the concerned IPA shall be used for importations while the CAI is still being rolled-out.
- For existing capital equipment and other assets imported on or before January 31, 2023 used by covered RBEs in the registered activity, these shall be covered by a Tax Exemption Indorsement (TEI) issued by the Department of Finance's Revenue Office (DOF-RO). Attached as "Annex A" is the step-by-step guidance in securing the TEI from the DOF-RO.

#### **4. Application for a Value-Added Tax (VAT) Zero-Rating Certification**

- The VAT zero-rating certification shall be applied with the concerned IPA pursuant to the guidelines prescribed under Revenue Memorandum Circular (RMC) No. 36-2022.
- For counterchecking purposes, the BIR shall rely on the master list and VAT zero-rating indorsement of covered RBEs to be submitted by IPAs.
- All general and specific terms and conditions imposed upon the registration of the project and availment of incentives must be complied with by the covered RBE, with the exception of exclusively conducting or operating the registered project or activity within the geographical boundaries of the economic zone or freeport zone being administered by the concerned IPA.

#### **5. Required Annotation in the Certifications for availment of incentives**

- All certifications for the availment of incentives provided in the BOI-COR that the concerned IPA will issue shall contain the following annotation:

*"This [CETI/CAI/VAT 0% certification] is issued pursuant to FIRB Resolution No. 026-22, as extended under FIRB Resolution No. 033-22, in relation to Board of Investments (BOI) Certificate of Registration No. TR-xxx dated xxx for purposes of allowing this registered project or activity to adopt up to 100% WFH arrangement and [concerned IPA] COR No. dated xxx as part of [concerned IPA] authority to monitor the*

*compliance with the terms and conditions and administer the availment of remaining incentives of the aforementioned RBE.”*

### **C. Submission of reports and compliance monitoring**

- The concerned IPAs shall monitor the compliance of covered RBEs with the terms and conditions of their registration, reportorial requirements, and other compliance requirements under the CREATE Act and its IRR, as amended, and other applicable laws, rules, and regulations.
- The concerned IPAs shall continue to submit regularly, or when requested, the following reports:
  - 1) Master list of all RBEs;
  - 2) Monitoring of performance commitments for approved project/s with investment capital of P1,000,000,000.00 or below;
  - 3) Monitoring of performance commitments for approved project/s with investment capital of more than P1,000,000,000.00;
  - 4) Consolidated Annual Tax Incentives Report (ATIR) and Annual Benefits Report (ABR); and
  - 5) Other reports that may be required by the FIRB Secretariat, pursuant to FIRB Resolution No. 022-22.
- Any findings and results gathered by the concerned IPA in monitoring the compliance of covered RBEs with the abovementioned requirements shall be endorsed by the concerned IPA to BOI.
- BOI shall forward the aforementioned reports to the FIRB, BIR, BOC, FIRB Secretariat, and other relevant government agencies, as applicable. The BOI-issued COR number shall serve as a common identifier for all covered RBEs.

### **D. Allocation of the five percent (5%) gross income tax (GIT) or special corporate income tax (SCIT)**

- Covered RBEs currently availing of the 5% GIT or the SCIT incentive, in lieu of all national and local taxes, shall be allowed to continue to enjoy the same incentive.
- Existing rules on the allocation of the 5% GIT/SCIT among the National Government, Local Government Units (LGUs), and the IPAs under special laws governing the latter shall be followed.
- For covered RBEs governed by special laws which do not provide an allocation, the 5% GIT or SCIT shall be paid and remitted as follows:
  - a) Three percent (3%) to the National Government, to be remitted to the BIR using the electronic system for filing and payment of taxes; and
  - b) Two percent (2%) to be directly remitted by the covered RBE to the treasurer's office of the municipality or city where the covered RBE is located.

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- No part of the GIT/SCIT shall be remitted to the LGU where an employee under a WFH arrangement is located unless the said LGU is the same as the LGU where the covered RBE is located.

**E. Movement of capital equipment and other assets within and outside the economic zones and/or freeport zones**

- Covered RBEs shall secure a TEI from the DOF-RO as proof of entitlement to exemption from import VAT and/or customs duties and to facilitate the free movement of capital equipment and other assets within and outside the economic zones and freeport zones.
- Existing goods imported as of January 31, 2023 shall be covered by a blanket TEI per project. Meanwhile, importations starting February 1, 2023 shall be processed per project per shipment.
- No bond requirement shall be imposed for the transfer or movement of equipment and other assets, such as laptops, desktops, and other equipment, outside the economic zones or freeport zones once the TEI has been secured for existing equipment and other assets.

The number of equipment of the covered RBE outside the economic zone or freeport zone shall not exceed the number of its employees under a WFH arrangement. Additional laptops/other equipment, if needed, may be allowed upon approval of the concerned IPA. New capital equipment and other assets imported per project beginning February 1, 2023 must be covered by a TEI, as issued by the DOF-RO.

The covered RBE shall, within thirty (30) days from the issuance of BOI-COR, submit a report to the concerned IPA containing the following:

- a) List of all equipment and other assets permanently situated inside the economic or freeport zones, and those assets brought out of the economic or freeport zones, including the quantity of laptops, desktops, furniture and fixtures, and other assets, whether local or imported;
- b) Acquisition cost, book value, and year of acquisition of the equipment and/or other assets; and
- c) Total number of employees and number of employees under WFH arrangement.

**F. Transitory period for the movement of capital equipment and other assets within and outside the economic zones and/or freeport zones**

- A transition period from January 1, 2023 to March 31, 2023 is given to provide sufficient time for covered RBEs to secure the abovementioned TEI.
- During such transition period, covered RBEs shall be authorized to move the related capital equipment and other assets outside the economic zones and/or freeport zones through a provisional goods declaration, as supported by a notarized undertaking that the related TEI will be secured, in lieu of posting any type of bond and during the pendency of the TEI.
- However, beginning February 1, 2023 until March 31, 2023, only covered RBEs registered with the BOI, as evidenced by the BOI-COR or the official receipt of the payment of the

registration fee, shall be allowed to move such assets through a provisional goods declaration, as discussed above.

- Only the capital equipment and other assets related to the registered IT-BPM project or activity registered with the BOI shall be allowed to avail of the transition period.
- During the transition period, covered RBEs shall secure the related TEI covering their existing capital equipment and other assets that were imported as of January 31, 2023.
- Summarized below are the timelines and the documents that will authorize the free movement of goods of covered RBEs within and outside the economic zones and/or freeport zones:

Date of importation of capital equipment and other assets	Applicability of the TEI	Covered period	Surety bond requirement	Documentary proof of authority to move the goods while TEI is still pending
Imported on or before January 31, 2023 (i.e., assets deemed as “existing”)	TEI must be secured for all imported goods that availed of VAT exemption and/or customs duty exemption.  The TEI pertaining to existing goods will be secured on a per project basis.	January 1, 2023 to January 31, 2023	No requirement (bond-free transition period)	BOI-COR or BOI Official Receipt ( <i>only if available</i> ) and the provisional goods declaration, together with the notarized undertaking, in lieu of posting any type of bond.
		February 1, 2023 to March 31, 2023		BOI-COR or BOI Official Receipt <b>and</b> the provisional goods declaration, together with the notarized undertaking, in lieu of posting any type of bond.

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		April 1, 2023 onwards	Surety bond is needed as the transition period has already expired.	BOI-COR or BOI Official Receipt <b>and</b> duly filed and approved surety bond.  The subject goods can be released through a provisional goods declaration, subject to the BOC's existing rules and regulations.
Imported as of February 1, 2023 (i.e., assets deemed as "new")	TEI must be secured for all imported goods that availed of VAT exemption and/or customs duty exemption.  The TEI pertaining to new goods will be secured on a per shipment per project basis.	February 1, 2023 onwards	No requirement (i.e., goods shall remain with the concerned BOC Office and shall not be released while the TEI is still pending)	No alternative document. The duly processed TEI, Statement of Settlement of Duties and Taxes (SSDT) and consumption entry are all required prior to the release of the goods.

- For purposes of determining the bondable amount, the amount of customs duties and/or VAT shall be based on the net book value of imported assets that have availed of the corresponding exemption. If the net book value is zero, the valuation methods under Section H below shall be followed.
- With regard to the movement of locally purchased capital equipment and other assets subjected to VAT zero-rating, the IPA-issued VAT zero-rating certificate shall serve as documentary proof of its VAT incentive, in accordance with existing BIR rules and regulations. However, the sale, transfer, donation, and disposal of locally purchased assets shall be governed by Section H of the Administrative Order.

#### **G. Implications of the registration with the BOI**

- The remaining period of fiscal and non-fiscal incentives of covered RBEs shall be availed from the concerned IPA. Upon expiration of the period of fiscal incentives, covered RBEs are not allowed to renew the registration of the same project or activity to avail of fiscal incentives unless there is a new project or activity or a qualified expansion project under the SIPP.

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- Upon completion of registration of projects or activities with the BOI, the BOI shall submit to the BIR, BOC, and FIRB Secretariat a master list of all covered RBEs per IPA. The master list including the prescribed information.

#### **H. Valuation methods of the BOC for the sale, transfer, donation, or disposal of the related assets of the covered RBE, whether local or imported**

- Sale or transfer of equipment and other assets made to other non-privileged persons or entities shall be subject to the payment of duties and/or taxes based on whichever is higher between the following:
  - a. Net book value; or
  - b. Depreciated value using the straight-line depreciation method, with depreciation capped at 10% per year, but in no case shall it exceed 90%. Effectively, this assumes that the related equipment and other assets have a residual value of 10%, once fully depreciated.
- Transfer of equipment and other assets by way of donation to non-privileged persons or entities shall be subject to the payment of duties and/or taxes based on whichever is higher between the following:
  - a. Net book value; or
  - b. Depreciated value using the straight-line depreciation method, with depreciation capped at 10% per year, but in no case shall it exceed 90%. Effectively, this assumes that the related equipment and other assets have a residual value of 10%, once fully depreciated.
- If the asset shall be destroyed or incinerated, the reference values per BOC Memorandum dated April 7, 2017, numbered 2017-04-012, shall be used for the BOC's valuation.
- Customs duties and/or import VAT shall be applied to all imported goods, which have been initially exempted from customs duties and/or VAT per original importation, in all three cases above.
- For locally purchased assets initially brought into the economic zone or freeport by availing of VAT zero-rating, the related VAT shall be imposed upon its sale, transfer, donation, or disposal.

#### **I. Treatment of existing capital equipment and other assets with lost or missing documents, specific to the requirements needed for the DOF-RO's TEI**

- The receiving BOC Office shall check the completeness of the documentary requirements and shall only be allowed to process and approve applications with sufficient supporting documents. In case of incomplete supporting documents, import VAT and/or customs duties shall be assessed, as applicable.

#### **J. Allowable ratio of WFH arrangements for covered RBEs from January 1 to January 31, 2023**

- Beginning January 1, 2023, only covered RBEs that have successfully registered with the BOI on or before January 31, 2023 shall be allowed to implement 100% WFH. Notably, RBEs who did not register with the BOI shall not be allowed to implement any WFH arrangement starting January 1, 2023.

#### **K. BIR and BOC rules and regulations**

- The BIR and BOC may issue rules and regulations to supplement FIRB Resolutions 026-22 and 033-22, DTI-MC 22-19, and this FIRB Administrative Order.

#### **Updates to the “List of VAT-Exempt Medicines” under Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to include certain medicines and medical devices for COVID-19 treatment (Revenue Memorandum Circular No. 19-2023 issued on February 6, 2023)**

Under Republic Act No. 11534 (CREATE Act), medicines prescribed for hypertension, diabetes, high cholesterol, kidney diseases, mental illness, cancer and for COVID-19 treatment as identified by the DOH, thru Food and Drug Administration (FDA), are exempt from VAT.

RMC No. 19-2023 was issued to publish the additional medicines and medical devices prescribed for COVID-19 treatment to be included in the list of VAT exempt medicines under the CREATE Act.

The list can be accessed thru the link below:

[https://www.bir.gov.ph/images/bir\\_files/internal\\_communications\\_2/RMCs/2023%20RMCs/RMC%20No.%2019-2023%20Annex%20A.PDF](https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2023%20RMCs/RMC%20No.%2019-2023%20Annex%20A.PDF)

As clarified under Q&A No. 1 of RMC No. 99-2021, the effectivity of the VAT exemption of the covered medicines and medical devices under the CREATE Act shall take effect on the date of publication by the FDA of the said updates to the said list.

#### **Clarifying the provision on the application of the three (3) primary taxable bases in applying the excise tax rates for automobiles prescribed by RMC No. 63-22 (Revenue Memorandum Circular No. 20-2023 issued on February 8, 2023)**

Based on Section 5 of RMC No. 063-22, there are three (3) primary taxable bases in applying the excise tax rates for automobiles, namely:

1. Declared manufacturer's or importer's selling price, net of excise and value-added taxes;
2. Based on the 80% actual dealer's price, net of excise and value-added taxes; and
3. Based on the total cost of importation and expenses divided by 90%.

RMC No. 20-23 clarified that the "total cost of importation and expenses divided by 90%" shall only apply in cases where the net importer's selling price is lower than the cost of importation and expenses as defined in RMC No. 063-22.

**Amendments to the classification of One-Time Transactions (ONETT) and its corresponding processing time for the issuance of ONETT Computation Sheet (OCS) and Electronic Certificate Authorizing Registration (eCAR)  
(Revenue Memorandum Circular No. 23-2023 issued on February 17, 2023)**

Summarized below are the amendments to RMC No. 48-2018 regarding the ONETT classifications and OCS/eCAR processing time to align with the Citizen’s Charter 2023 edition:

<b>ONETT Transactions</b>	<b>Classification</b>	<b>Total Processing Time per BIR Citizen’s Charter 2023 Edition</b>
Sale of Real Property / Shares of Stocks Processing and Issuance		
a. OCS	Complex	7 working days
b. eCAR	Complex	7 working days
Donation of Properties Processing and Issuance		
a. OCS	Complex	7 working days
b. eCAR	Complex	7 working days
Estate of the Decedent Processing and Issuance		
a. OCS	Highly Technical	20 working days
b. eCAR	Complex	7 working days

**Clarification on the qualifications of ELSEs for entitlement to VAT zero-rating incentives on local purchases of goods and services exclusively and directly used in registered projects or activities  
(Revenue Memorandum Circular No. 24-2023 issued on February 17, 2023)**

**Definition of ELSE**

ELSE is an RBE supplying production-related raw materials and equipment that caters exclusively to the requirements of export manufacturing enterprises which are registered with the Philippine Economic Zone Authority (PEZA), Clark Development Corporation (CDC), Subic Bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB) or other special economic zones/freeports outside the administration of PEZA.

**Qualifications of ELSE to be considered as an “export enterprise”**

ELSEs shall be considered an “export enterprise” if at least 70% of their output/services are rendered to other registered export enterprises (REEs).

Pursuant to Section 293(M) of the Tax Code, as amended by CREATE Act, enterprises engaged solely in trucking and delivery services **shall not** be considered as an ELSE. Further, BOI MC No. 2023-001 clarified that the only type of logistic service qualified to be registered as an ELSE are those undertaking **both** of the following operations:

1. Establishment of a warehouse storage facility; and

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2. Importation or procurement from local sources and/or from other registered enterprises of goods for resale, or for packing/covering (including marking, labeling), cutting or altering to customers' specification, mounting and/or packaging into kits or marketable lots thereof for subsequent sale, transfer or disposition for export.

### **VAT treatment of registered ELSEs**

Purchases of registered ELSEs from VAT-registered suppliers are subject to zero-rated VAT only if the goods and/or services purchased are directly and exclusively used in the registered project or activity of the ELSE, pursuant to RMC No. 24-2022, as amended.

### **Documentary requirements for VAT zero-rating**

The guidelines and documentary requirements to be accomplished before availing of the VAT zero-rating on local purchases directly and exclusively used in the registered projects or activities are summarized in Q and A numbers 32 to 37 under Section V of RMC No. 24-2022.

The processing of applications for VAT zero-rating shall be governed by Revenue Memorandum Order (RMO) No. 7-2006, as amended. However, provisions of Sections 294(E) and 295(D), Title XIII of the Tax Code, as amended by the CREATE Act, and Rule 2, Section 5 and Rule 18, Section 5 of the CREATE Act Implementing Rules and Regulations (IRR), as amended, shall be strictly complied with.

The following must be submitted as attachments to the application for VAT zero-rating:

1. Certificate of Registration and VAT Certification issued by the concerned Investment Promotion Agency (IPA) as submitted to it by its registered export enterprise buyers;
2. Sworn affidavit executed by the REE-buyer stating that the goods and/or services bought are directly and exclusively used for the production of goods and/or completion of services to be exported or for utilities and other similar costs, the percentage of allocation to directly and exclusively used for the production of goods and/or completion of services to be exported; and
3. Other documents to corroborate entitlement to VAT zero-rating, such as but not limited to duly certified copies of the valid purchase order, job order or service agreement, sales invoices and/or official receipts, delivery receipts, or similar documents to prove the existence and legitimacy of the transaction.

### **Updated list of accredited microfinance non-government organization (Revenue Memorandum Circular No. 26-2023 issued on February 27, 2023)**

The BIR published the updated list of microfinance NGOs accredited by the Microfinance NGO Regulatory Council (MNRC) as of January 2023. Also included in the list are the MF-NGO Certificates of Accreditation revoked by MNRC and expired Certificates of Accreditation.

A duly registered and accredited Microfinance NGO shall pay a two percent (2%) tax based on its gross receipts from microfinance operations in lieu of all national taxes. The 2% tax may be applied only on the Microfinance NGO operations catering to the poor and low-income individuals in alignment with the main goal of the Microfinance NGOs Act.

The updated list can be found as Annex of the herein RMC ([https://www.bir.gov.ph/images/bir\\_files/internal\\_communications\\_2/RMCs/2023%20RMCs/RMC%20No.%2026-2023%20Attachment.pdf](https://www.bir.gov.ph/images/bir_files/internal_communications_2/RMCs/2023%20RMCs/RMC%20No.%2026-2023%20Attachment.pdf)).

**Updated and consolidated policies, guidelines and procedures for BIR Audit Program (Revenue Memorandum Order No. 6-2023 issued on February 09, 2023)**

The BIR issued RMO No. 06-23 to provide updated policies, guidelines and procedures to be observed in the audit/investigation of taxpayers by Investigating Offices (IO) in the National and Regional Offices, improve operational efficiency on audit activities and enhance taxpayers' voluntary compliance by encouraging the correct payment of internal revenue taxes through the exercise of the enforcement function of the BIR.

**Investigation/Verification of Taxpayers**

- In general, all taxpayers are considered as possible candidates for audit. To cover such audit/investigation, electronic Letters of Authority (eLAs) or Tax Verification Notice (TVN), as applicable, shall be issued.

- **Mandatory Cases**

Mandatory cases are cases wherein an audit is required as a condition precedent for the issuance of tax clearance, processing of claims for tax credit/refund and other cases as may be identified by the Commissioner of Internal Revenue as priority target for audit/investigation:

a. To be covered by eLAs-

- i. Claims for tax credit/refund of excise tax or income tax (except income tax claims of Job Order personnel), including final and creditable income tax withheld.
- ii. Request for Tax Clearance of taxpayers whose gross sales/receipts for the immediately preceding year exceeds Three Million pesos (P3,000,000.00) or whose gross assets upon retirement exceeds Eight Million (P8,000,000.00) due to the following:
  1. Death of taxpayer; or
  2. Taxpayers retiring from business; or
  3. Taxpayers undergoing merger/consolidation/split-up/spin-off and other types of corporate reorganizations.
- iii. Cases returned to the IO where the original Group Supervisor (GS)/Revenue Officer (RO) who conducted the audit are no longer available due to transfer of work assignment or separation from service (e.g., retirement, resignation, AWOL, etc.)
  1. For reinvestigation; or
  2. For compliance of review findings which resulted to deficiency tax or additional deficiency tax.



iv. Cases referred by other IO due to taxpayer's transfer of business registration, where taxpayer agreed to have the audit continued by the new IO, provided the covered period is not yet prescribing

v. One-Time Transactions (ONETT)

1. Cases which review findings resulted to a deficiency tax; or
2. Real property transactions with findings in the Electronic Certificate Authorizing Registration (eCAR) System.

vi. Policy cases/industry issues under the directive of the Commissioner of Internal Revenue (CIR)

b. To be covered by TVNs-

i. Persons requesting for Tax Clearance whose gross sales for the immediately preceding year is One Million (P1,000,000.00) but not exceeding Three Million (P3,000,000.00) or whose total assets upon retirement is Three Million (P3,000,000.00) but not exceeding Eight Million (P8,000,000.00):

1. Due to death of the taxpayer; or
2. Taxpayers retiring from business; or
3. Taxpayers undergoing merger/consolidation/split-up/spin-off and other types of corporate re-organization.

ii. Claims for Value-Added Tax (VAT) Refund;

iii. Income Tax Refund of Job-Order personnel; and

iv. Claims for refund/tax credit arising from erroneous payment of taxes, including double payment of taxes due to system error/glitch.

- **Priority Audit Cases**

These are cases which pertain to those that have been electronically selected by the IRIS-Audit Module based on prescribed selection criteria pursuant to identified risks that need immediate action. The prescribed selection criteria shall make use of information from filed tax returns and other pertinent tax information available in the BIR Systems and the selection code for these are already embedded into the said module.

Also covered under this category are audit cases that shall be handled by the VAT Audit Section (VATAS) and Office Audit Section (OAS) of the Assessment Divisions (AD), and Large Taxpayers VAT Audit Unit (LTVAU) under the Large Taxpayers Service (LTS). The execution of the "Run Audit Program" in the IRIS-Audit module, including the submission of the list of taxpayers to be audited, shall be the responsibility of the Assistant Commissioner of the Assessment Service (ACIR-AS) and ACIR-LTS for non-large taxpayers and large taxpayers, respectively.

Priority audit case can also be manually selected by the concerned Regional Director (RD)/ACIR-LTS but this has to be approved by the CIR.

## **Policies and Procedures**

### **- Issuance of eLA/TVN**

- Only tax returns of taxpayers registered within the BIR district/region, except tax returns related to One-Time Transaction (ONETT), and those that match the selection criteria based on taxpayer's non-compliance risks are subjected for issuance of eLAs in the said district/region.
- For manually selected priority audit cases, prior approval of the CIR must be secured.
- The simultaneous investigation of all liabilities of a taxpayer shall be followed. One (1) eLA/TVN shall be issued for each taxable year to include all internal revenue tax liabilities of the taxpayer, except when a specific, tax type had been previously examined. In this case, such tax type for a specific period shall be excluded from the covered tax types for audit.
- The audit/verification of tax liabilities of taxpayers requesting for tax clearance and certain tax refund shall be covered only by one eLA/TVN, whichever is applicable, that will cover the audit/verification of immediately preceding year and the short period tax returns prior to cessation/retirement of business. While in case of a tax refund, the eLA/TVN shall cover the taxable period indicated in the application and encoded into the IRIS-Tax Credit and Refund (TCR) module. For income tax refund, however, the audit shall be per taxable year since the request for refund is being signified at the time of filing of the Annual Income Tax Return.
- If the subject taxpayer is already the subject of an existing eLA, the Discrepancy Notices or any information arising from the audit/review findings should be consolidated with the existing eLA/audit case. If not, the RDO/LTD/LTAD may select the particular taxpayer for issuance of eLA, if necessary.
- If an eLA has been issued under the VAT Audit Program (VAP) and subsequently, the taxpayer becomes a candidate for regular audit in the RDO/LTD/LTAD based on the selection criteria provided above for the same taxable year, the request for eLA for regular audit shall not include the VAT liability already covered by the VAT audit.
- For ONETT case docket which resulted to a deficiency tax, the coverage of the eLA shall be limited to audit/investigation of the particular ONETT only and audit/investigation shall be conducted by the IO which issued the electronic Certificate Authorizing Registration (eCAR).

### **- Assignment of cases**

- All audit cases shall be electronically assigned to an RO/GS by the IRIS-CMS-A module after the taxpayer had been automatically selected by the IRIS-Audit module, except for mandatory cases and priority audit cases with prior approval of the Commissioner of Internal Revenue which shall be done manually.

- Except for eLAs issued under the RATE Program of the National Office or Regional Office, and those issued to task forces, only ROs under the Assessment Group shall be authorized to conduct audit and investigation of tax cases, whether in a principal or assisting capacity. The same RO or lead RO shall not be assigned in the current year with the same taxpayers who have been examined for the prior year, except when there is only, at most, four (4) ROs in one district/IO.

- **Conduct of Audit and Submission of Reports of Investigation**

- The RO assigned to the case shall present or serve the eLA to the taxpayer or his/its representative and perform the audit procedures and techniques, including the verification and processing of VAT refund claims under Section 112 of the 1997 Tax Code, as amended, in accordance with existing applicable revenue issuances.
- The report of investigation/verification of cases covered by eLAs/eMOA/TVNs shall be submitted by the assigned RO within the prescribed number of calendar days provided in the RMO.
- Reports of investigation on cases wherein the deficiency taxes per investigation were paid at the RDO level shall be prepared and submitted within ten (10) days from the date of taxpayer's payment of such deficiency tax assessments to the Chief, AD for Regional cases/Head Revenue Executive Assistant (HREA) for LT cases for appropriate review.

- **Review of Audit Reports and Issuance of Termination Letter**

- The reviewing offices, AD in the regional offices or concerned Office of the HREA, shall review reports/dockets within the prescribed number of calendar days provided in the RMO.
- A Termination Letter (TL), following the herein template (Annex A - [https://www.bir.gov.ph/images/bir\\_files/internal\\_communications\\_3/2023/Attachments/RMO%20No.%206-2023%20Annex%20A.pdf](https://www.bir.gov.ph/images/bir_files/internal_communications_3/2023/Attachments/RMO%20No.%206-2023%20Annex%20A.pdf)) on all case dockets with no findings/discrepancy or paid cases shall be issued by the reviewing office after the approval of audit reports by the RD/ACIR-LTS.

- **Handling of Protests Against Tax Assessments**

- All letters of protest, requests for reinvestigation/reconsideration and similar correspondences shall be received by the Office of the concerned RD/ACIR-LTS who signed the PAN/FAN/FLD and shall be referred to the AD in the Regional Office or concerned Office of the HREA of the LTS in the National Office, as the case may be, for proper recording and resolution of protests.

- **Issuance of Replacement eLA**

- Issuance of replacement eLAs, if warranted, shall be made in either IRIS-CMS-A or eLAMS, where the eLA has been originally issued and printed.
- A replacement eLA shall be done in the following instances:

- a. The original RO named in the eLA cannot continue the audit/investigation due to the RO's transfer to another office, retirement or resignation, authorized leave such as maternity leave or study leave, prolonged absence/unauthorized leave, or other reasons; provided, the statutory period to assess, pursuant to Section 203 of the 1997 Tax Code, as amended has not yet prescribed for the taxable period.
- b. In case the taxpayer has transferred its business registration, where the eLA/TVN have been served and the audit of which has already started prior to the effective date of transfer, the continuation of audit shall be conducted by the new RDO having jurisdiction over the taxpayer's new registration. However, the transfer of audit case shall not be allowed if the case is with the assigned RO for more than one hundred twenty (120) days or the case is a prescribing case.
- c. The audit reports have been returned by the reviewing office to the investigating office and the observation has tax consequence that will need amendment of audit reports/deficiency tax assessments and the original RO is no longer with the IO.
- d. In case of request for re-investigation of the taxpayer and the original RO is no longer with the IO at the time the audit case docket is referred for re-investigation.

For the other guidelines and BIR procedures, please refer to the full text of the RMO.

**Policies, guidelines and procedures in the processing and monitoring of ONETT and issuance of Electronic Certificate Authorizing Registration (eCAR) through the eONETT System (Revenue Memorandum Order No. 7-2023 issued on February 23, 2023)**

The eONETT System is a web-based application that will enable taxpayers to transact their ONETT online. It is an online platform where taxpayers can submit application for eCAR and corresponding documents. Likewise, it provides an efficient solution to facilitate the online processing, approval, generation of eCAR, and its transmission to the Land Registration Authority (LRA).

It provides an additional option and a more convenient way for taxpayers in transacting their ONETT, and reduce the manual filing of returns and payment of taxes.

The eONETT System shall be used in the processing, review and approval of online applications, and generation and printing/issuance of eCAR.

Below are the salient guidelines on the processing and monitoring of ONETT and eCAR through the eONETT system:

- Existing procedures and guidelines in requesting for systems access shall be observed by the users in acquiring access to the eONETT System.
- All issues encountered in using the eONETT System shall be immediately logged to the BIR Service Desk:

Issue/Concern From	Problem Resolution Group
Taxpayer/s	Customer Assistance Division (CAD)

Revenue District Officer/s:	
For technical related issues	Concerned RDC/TSSD
For policy/business related issues	APMD

- Only applications with complete documentary requirements shall be processed by the RO/GS. In case that the application already submitted by the RO/GS to the Revenue District Officer (RDO)/Asst. Revenue District Officer (ARDO)/Chief, Assessment Section (CAS) for approval has an error or correction, the approving official shall return the application to the same RO/GS by using the "RETURN TO RO/GS FOR RE-EVALUATION" facility and inform the RO/GS of the said error/correction by leaving a comment in the application.

The RO/GS shall make the necessary correction upon and re-submit the application for approval or, if the application must be returned to the taxpayer for compliance, he/she may do so by using the "RETURN TO TAXPAYER" facility, indicating the reason for return.

In the absence of the RO/GS who processed and submitted an application for approval, another RO/GS may print and release the eCAR to the taxpayer, provided that the physical copies of original documents presented by the taxpayer have been validated against the uploaded attachments in the system;

- If the BIR's payment validation resulted to a deficiency tax, the taxpayer shall be advised by the RO/GS of the Assessment Section of the said deficiency using the "Return to Taxpayer for Compliance" facility of the system and will be required to settle the deficiency tax as approved by the RDO/ARDO/CAS.
- For transactions involving multiple properties (multiple TCT/OCT/CCT, or improvements) the following shall be considered:
  - a. If Single Selling Price — Ensure that the "Multiple Selling Price" is unchecked/unmarked, then encode the amount in the Total Selling Price field;
  - b. If Multiple Selling Price — Tick/mark the checkbox in the Multiple Selling Price field then encode the amount of selling price of each property/improvement, whichever is applicable.
- The re-issuance and re-printing facility of the eONETT System shall only be used for eCARs that are generated and issued thru the said System.

In case of lost eCAR issued thru the eONETT System within the validity period, the concerned RDO shall reprint and issue the same to the requesting taxpayer. A certification fee amounting to One Hundred Pesos (P100.00) (Executive Order No. 197) and affixture of Thirty Pesos (P30.00) Documentary Stamp Tax (DST) on Certificates (Section 188 of the NIRC of 1997, as amended) shall be required for each reprinted eCAR.

For the detailed procedures, please refer to the full text of the RMO.