MODIFIED OVERALL PROCEDURE IN THE REGISTRATION OF NEW VAT AND NON-VAT TAXPAYERS

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I
Objective

This Order is issued to consolidate in a single issuance the procedures in the registration of VAT and Non-VAT taxpayers, incorporating all pertinent features/requirements prescribed under the New Payment Control System (NPCS).

II
Highlights of the Modified Procedure

1. The RDO shall conduct ocular inspection of the business premises of taxpayer/applicant applying for VAT and for Non-VAT Registration subject to 2% tax under Sec. 112 of the Tax Code, as part of evaluating said application.

2. Application for VAT/Non-VAT Registration (BIR Form No. 2550-1/2551-1), Annex A/B, is hereby revised to exclude the claim stub portion being issued to taxpayers. Said application shall now be required to be filed in three (3) copies, the triplicate of which shall be given to the taxpayer immediately after it has been recorded in the logbook.

3. The RDO shall maintain separate logbooks for the following:

- applications received whether for VAT or for Non-VAT Registration (Annex C[*])

- approved applications for VAT Registration (Annex D[*])

- approved applications for Non-VAT Registration (Annex E[*])

4. In case a taxpayer has no Taxpayer Identification Number (TIN) yet, the processing of the Application for VAT/Non-VAT Registration by RDO shall be done simultaneously with the processing of TIN by Computer and Information Systems Service (CISS), formerly RISSI.

5. Applications for VAT/Non-VAT Registration shall not be approved without the TIN.

6. Upon approval of the application for registration, the taxpayer shall no longer be issued the VAT or Non-VAT registration number previously furnished by CISS. The TIN replaces the VAT/Non-VAT Registration Number. Hence, the Registration Certificate and the sticker shall now reflect TIN - V for VAT or TIN - NV for Non-VAT.

7. All original copies of approved applications for VAT/Non-VAT Registration shall be forwarded to CISS to be used in updating the Master Files for VAT and Non-VAT Taxpayers.

III
Procedures

Hereunder is the modified overall procedure in the registration of VAT/Non-VAT taxpayers:

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A. Revenue District Office (RDO)

1. Receive in three (3) copies duly accomplished Application for VAT Registration (revised BIR Form No. 2550-1) or Application for Non-VAT Registration (revised BIR Form No. 2551-1) together with the following documents:

- Photocopy of DTI Certificate of Registration or Articles of Incorporation from SEC (for Corporation and Partnership)

- Sketch of Business Address

- Mayor's Permit and Municipal License

- Lease contract of place of business or other similar documents

2. If applicant is a transferee from another district, instruct applicant to file an Application for Transfer of Business to the RDO of his former place of business;

Note: Refer to RMO re: Processing of Application for Transfer of Business.

3. Check thoroughly the completeness and accuracy of all information reflected on the application as well as the required documents;

4. Require the applicant to present his TIN card; if taxpayer has no TIN yet:

- require him/her to fill-up an application form for TIN and forward immediately to CISS following the procedures provided for under RMO No. 23-91;

- Receive from CISS printed TIN ID Cards and/or pre-printed labels not later than fifteen (15) working days from date of transmittal of Application for TIN;

- Release TIN ID Card and/or pre-printed labels to applicant.

5. Stamp "RECEIVED" and date of receipt on the appropriate space on the lower right hand corner of BIR Form No. 2550-1/2551-1;

6. Record in the appropriate logbook, as provided for in Annex C, all applications received indicating therein the Date of Receipt, Name and Address of Applicant, Trade Name, TIN and Kind of Application;

7. Issue the triplicate copy of the application to taxpayer and instruct the same to come back not earlier than five (5) days from filing of the application to verify whether the application has been approved or not;

8. Determine whether the application for registration is for VAT or for Non-VAT;

8.1. For VAT Registration:

- Evaluate the application for VAT Registration in accordance with RMC 38-87;

- Conduct an ocular inspection of the business premises of the VAT taxpayer/applicant, as part of evaluating the application for VAT Registration and submit a report thereon within five (5) working days from the date of filing of the application, as prescribed under RMO No. 3-90, dated January 2, 1990;

8.2. For Non-VAT Registration:

a. Evaluate application for Non-VAT Registration in accordance with the following criteria:

a.1

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Persons subject to other percentage tax under Title V of the Tax Code, including those subject to 2% tax under Sec. 112 of the Tax Code;

a.2

Persons subject to excise tax under Title VI of the Tax Code and who are not subject to VAT;

a.3

VAT-exempt persons under Sec. 103(a), (b), (c) and (f) of the National Internal Revenue Code who did not opt to register as VAT taxpayers;

a.4

Persons exempt from VAT under Sec. 103, other than those listed above;

a.5

Persons whose VAT registration have been cancelled pursuant to Sec. 107 (c) of the Tax Code.

b. Conduct an ocular inspection of the business premises of the taxpayer/applicant subject to 2% tax under Sec. 112 of the tax code and submit a report thereon within five (5) working days from the date of filing the application;

9. Determine whether the application was approved or disapproved;

9.1. For Disapproved Application:

- Check the "DISAPPROVED" box to indicate that the application was disapproved: sign on the space provided and indicate date when processing was completed;

- Inform the taxpayer that his application for registration was disapproved and file his application for future reference.

9.2. For Approved Application

a. Determine whether the taxpayer/applicant filed on time; otherwise:

a.1

Issue and sign Authority to Accept Payment (ATAP) to the taxpayer/applicant for presentation upon payment to the Accredited Bank in accordance with RMO 29-91

a.2

Request from taxpayer/applicant the machine validated ATAP and indicate in the application form the amount paid; return machine validated ATAP to taxpayer/applicant;

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b. Check the "APPROVED" box to indicate that the application for registration was approved; sign on the space provided and indicate date when processing was completed;

c. Indicate on approved application, the TIN, effective date of registration and the Quarter Filing Code (applicable to Application for VAT Registration only);

d. Record in the appropriate logbook the approved application for registration (see Annex D for VAT and Annex E for Non-VAT);

e. Assign VAT/Non-VAT Control Number on the upper right hand corner of the approved BIR Form 2550-1/2551-1 following the sequential numbering in the logbook;

f. Prepare in duplicate VAT/Non-VAT Registration Certificate, BIR Form Nos. 2550-2/2551-2P, for the registered person's principal office, to be signed by the RDO;

Original - Registrant
Duplicate - RDO

g. Prepare in quadruplicate Registration Certificate for VAT/Non-VAT Taxpayer, BIR Form Nos. 2550-2A and 2551-2B, respectively, for every branch within or outside the district, for the signature of the RDO and to be distributed as follows:

Original - Registrant/Taxpayer (branch copy)
Duplicate - Issuing District Office
Triplicate - Revenue District Office of the place where the branch is located

h. Prepare the VAT/Non-VAT Registration Sticker, for signature of the RDO, in as many copies as there are head and branch offices;

NOTE: The sticker shall indicate the TIN followed by "V" or "NV" for VAT or Non-VAT, as the case maybe.

i. Release the following to the taxpayer within five (5) days after the filing of application:

- Original copy of Registration Certificate/s

- VAT/Non-VAT Registration Sticker/s with TIN-V/NV printed on it.

j. Advise taxpayer to post/exhibit the sticker/s at conspicuous points at his principal office and at each branch; if any;

k. File the duplicate copies of the following documents:

k.1.

Application for VAT/Non-VAT Registration (BIR Form No. 2550-1/2551-1)

k.2.

VAT/Non-VAT Registration Certificate (BIR Form No. 2550-2/2551-2P)

k.3.

VAT/Non-VAT Registration Certificate (BIR Form No. 2550-2A/2551-2B)

l. Forward the triplicate copy of BIR Form 2550-2A/2551-2B to the Revenue District Office of the place where the branch is located;

m. Batch in 50s or less all original copies of approved BIR Form 2550-1 separately from BIR Form 2551-1 less and forward the same together with a transmittal letter to CISS within five (5) days after the end of the month; retain duplicate copy of transmittal letter for file.

B. Computer and Information Systems Service (CISS)

1. Receive approved applications for registration together with the covering transmittal letter from the Revenue District Offices;

2. For approved BIR Form 2550-1

- Transcribe all required data from the approved application (BIR Form 2550-1) and generate two (2) copies each of VAT Register by district:

Alphabetic - Annex F[*]
Numeric - Annex G[*]

The listing must show the registered name of taxpayer, TIN, registered taxable activities, registered exempt activities, if any, type of business organization, number and street name, city or municipality in which the principal establishment and branches are located, their corresponding telephone numbers, initial date of filing and filing code.

Original - RDO concerned
Duplicate - VAT Division

- Forward to VAT Division the two (2) copies of each of the VAT Register by district, alphabetic and numeric within seven (7) working days after receipt of the approved application from RDO;

2.1. For approved BIR Form 2551-1

- Transcribe all required data from approved application (BIR Form 2551-1) and generate one (1) copy of Non-VAT Register by district:
Alphabetic - Annex H[*]
Numeric - Annex I[*]

Which will show the name of taxpayer, lines of business and kinds of products/services rendered;

- Transmit the original copy of the list to each Revenue District Office concerned;

3. Maintain a masterfile of all VAT and Non-VAT registrants.

C. Value-Added Tax Division

1. Receive two (2) copies each of the VAT Register by district, alphabetic and numeric, with the diskettes from CISS;

2. Send/mail original VAT Register by districts, alphabetic and by TIN to the RDOs concerned within three (3) days after receipt from RISSI; file duplicate of VAT Register;

IV
Repealing Clause

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This Order amends RMO No. 49-88, dated November 16, 1988, RMO No. 3-89, dated January 11, 1989 and all other existing issuances or/portions thereof inconsistent with this Order.

V
Effectivity

This Order shall take effect immediately upon approval.

Adopted: 11 September 1992

(SGD.) JOSE U. ONG
Commissioner of Internal Revenue

GUIDELINES AND INSTRUCTIONS
(BIR Form No. 2551-1)
A. WHO SHALL REGISTER – This application form shall be filed in triplicate by the following persons engaged in business:

a. Persons subject to 2% tax (annual gross sale/receipt of P200,000 or below);

b. VAT-exempt persons, who did not opt to register as VAT taxpayers; like sale of non-food agricultural, marine and forest products, sale/ importation of original state of agricultural marine food products, livestock and poultry; sale of fertilizers, pesticides and herbicides, chemicals for pesticides; seeds seedlings, fingerlings, fish, animals, poultry feeds, soya beans and fish meals and printing, publication importation/sale of books and any newspaper, magazine review or bulletin.

c. Persons subject to other percentage tax like common carriers, hotels;

d. Persons subject to excise tax but not subject to VAT like sale/importation of petroleum products except lubricating oil processed gas, grease wax and petroleum, and

e. Persons exempt from VAT under Sec. 103, other than those listed above.

B. WHEN AND WHERE TO FILE

a. This application form shall be filed within ten (10) days from the date of commencement of the business with the Revenue District Officer, or any other authorized officer of the Bureau of Internal Revenue where the principal place of business is located.

b. Persons transferring their principal place of business to another Revenue District or whose VAT registration has been cancelled shall likewise file their application for registration within 10 days from the date of transfer or cancellation, as the case may be.

c. If the person is engaged in more than one line of business or has branches in different places, he shall file only one application for registration with the internal revenue officer where his principal place of business is located indicated therein all lines of business as well as the location of the branches.

C. PENALTY – Taxpayers required to register his business pursuant to the provisions of Revenue Regulations No. 6-88 dated Dec. 8, 1988 as amended by Revenue Regulations No. 2-89 dated January 11, 1989 and who failed to do so, shall upon conviction be fined in a sum of not more than one thousand pesos or imprisonment of not more than six months, or both.

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[*]Text available upon request at the Office of the National Administrative Register (ONAR), U.P. Law Center, Diliman, Quezon City

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