RULES ON THE USE OF CASH REGISTER AND POINT-OF-SALE MACHINES IN LIEU OF REGISTERED SALES INVOICES OR RECEIPTS

BIR REVENUE REGULATIONS NO. 10-99, June 25, 1999

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SCOPE.

Pursuant to the provision of Section 244, in relation to Section 237 of the National Internal Revenue Code, as amended by R.A. No. 8424, these Regulations are hereby promulgated to govern the procedures for the grant of the permit to use cash registers and point-of-sale (POS) machines and their actual use, subject to certain conditions herein prescribed.

SECTION 1. Lines of Business That May Qualify for the Issuance of Permits to Use Cash Register and Point-of-Sale Machines. — The permit to use cash register and POS machines in lieu of sales invoices or receipts shall be issued only to proprietors, owners or operators of any of the following lines of business and other similar establishments:

- Supermarkets
- Department Stores
- Drugstores
- Bookstores
- Groceries
- Bakeries
- Restaurants, bars, beer gardens, refreshment parlors and other eating places.
- Record Bars and Music stores cinematographic films
- Video shops selling and leasing out
- Garages and other parking spaces.
- Gasoline Stations
- Hotels, Motels, Lodging Houses and the like
- Token exchange stations
- Recreational and Amusement Centers

The Commissioner of Internal Revenue may, in meritorious cases, qualify other lines of business to use cash register and POS machines, considering modern business practices.

SECTION 2. Procedures: Application and Grant of Permit. —

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2.1 Application. — The application to use cash register and POS machines shall be in the form of a joint sworn declaration by the applicant and the distributor/dealer or vendor of the machine (Annex "A"[*]), which shall contain the following:

(a) Name, address, business name/style and VAT or non-VAT number of applicant, kind/line of business and the address where the machine will be used;

(b) Name, business style, address and VAT or non-VAT number of the distributor/dealer or vendor of the machine;

(c) For cash register machines, brand, model, serial number and type of all its parts, whether electronic or mechanical, whether with resettable or non-resettable accumulating grand total, and whether new or secondhand;

(d) For POS machines, brand, model, serial numbers and type of all its parts, whether new or second hand, and software to be used; aisadc

(e) Maximum accumulating sales capacity;

(f) Reset counter number; and

(g) Other essential features.

2.2 Where to File the Application; Attachments. — The application shall be filed with the Revenue District Officer within whose jurisdiction the business establishment where the machine will be used is located and shall be accepted only as duly filed if submitted with the following:

(a) A copy of the applicant's current Annual Registration Fee Return (BIR Form No. 0605).

(b) Copies of the certificate of registration of business name/style issued by the Bureau of Internal Revenue and Bureau of Domestic Trade and in case of corporations or partnerships, also a copy of the certificate of registration with the Securities and Exchange Commission.

The documents mentioned above shall not be required from applicants who had already submitted the same with their previous application to use a cash register or POS machine of the same kind or configuration;

(c) Sample receipts for a "no sale" transaction identified to the particular issuing machine legibly showing the heading (company logo, business name, trade name, proprietor's name if applicant is a single proprietor, address where the machine is going to be used including branch identification, VAT or non-VAT number) consecutive receipt numbers and date;

(d) Sample receipt showing the reading of the accumulated grand total recorded in the machine and, in case of electronic and POS machines, the reset counter number;

(e) For machines with resettable accumulating grand total, all the proprietor's and reset keys: and/or copy of the software to be used in the actual operation of the POS machines and customizations made thereto; and

(f) Operating manuals.

2.3 Issuance of the Permit to Use Cash Register and POS Machines. — The Revenue District Officer shall issue to the applicant the corresponding permit to use cash register and POS machines (Annex "B"[*]) upon receipt of a duly filed application and proper inspection and evaluation of the Revenue Officer assigned by the Revenue District Officer; PROVIDED, THAT, it is satisfactorily shown by the applicant that he/it is provided with a duly registered cash register sales book, appropriately identified as such to each machine being applied for use, showing the following columns:

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a. Date of sale;
b. Inclusive consecutive receipt numbers;
c. Previous reading;
d. Present reading;
e. Sales - VAT;
f. Sales - Non-VAT;
g. Sales over-run or overflow count;
h. Reset counter number; and
i. Remarks

If the applicant is under the jurisdiction of the Large Taxpayers Division (LTD), the application, together with the proper attachments, is to be filed with the LTD for proper inspection and evaluation of the Revenue Officer and final approval of the LTD - Division Chief.

If the business establishment where the machine will be used is in the city/municipality where the Regional Office is situated, the permit shall be issued by the Regional Director, except when he has delegated such power to the Revenue District Officer of the district where the Director's office is located.

2.4 Permits for Different Lines of Business. — A separate permit shall be issued by the Regional Director or the Revenue District Officer concerned for every application duly filed, inspected and evaluated.

2.5 Condition for the Issuance of the Permit. — The permit to use cash register and POS machines shall be granted subject to the following conditions:

(a) The machine shall be used exclusively in the operation of only one line of business covered by the permit. If the business is conducted simultaneously with another line of business for which no cash register permit has been issued, sales made in such business shall be covered with the corresponding issuance of registered sales invoices or receipts;

(b) The machine should be equipped with two (2) rollers or its equivalent, one for the audit journal tape intended for audit and internal revenue tax purposes and the other for the customers' tape which are issued as itemized and consecutively numbered receipts, PROVIDED, THAT, all tape receipts issued is of a quality that could be preserved for a period within which the Commissioner is authorized to make an assessment and collection of the taxes so assessed as prescribed in Sections 203 and 222 of the National Internal Revenue Tax Code, as amended;

(c) When the machine is punched for the purpose of recording a sale, the amount of sale should automatically be printed on the customer's receipt and the audit journal tape or its equivalent. Under no circumstance should the machine be operated without the corresponding tapes installed on both rollers or its equivalent;

(d) It must be equipped with a reset counter that advances by one everytime the total is reset to zero;

(e) The imprint on the customers' and audit journal tapes or its equivalent should always be legible;

(f) Electronic cash register machines with volatile memory shall at all times be connected to a power source and shall not be used at anytime as reserve units (kept for future use) to protect the memory mechanism/circuits and preserve stored data;

(g) Upon filing of the application, all the proprietor's and reset (z) keys of machines with resettable accumulating grand total shall be surrendered to the Revenue District Officer for safekeeping and control;

(h) Registered machines with resettable accumulating grand total shall not be reset, except when expressly authorized by the Revenue District Officer;

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(i) The proprietor shall not change his business name or the use of the registered machine or transfer to another business location, branch or establishment, or otherwise without prior written notice to the proper office of the Bureau having jurisdiction over said machine;

(j) Likewise the proprietor who have been issued a permit to use cash register or POS machine shall not have the machine repaired, upgraded, changed, modified, updated, or otherwise removed without prior written notice to the proper office of the Bureau having jurisdiction over said machine;

(k) After repair, upgrade, change, modification, update, or otherwise and before re-use of the machine, the proprietor and the person who made the repair shall submit a joint sworn statement to the Revenue District Officer (Annex "C"*) and the proprietor shall submit a new application for proper inspection and evaluation of the Revenue Officer assigned by Revenue District Officer having jurisdiction over said machine;

(l) Registered machines may be withdrawn from use, either by retirement or sale, only upon prior application with and approval by the Regional Director or Revenue District Officer, as the case may be. Upon receipt of the application, such officer shall cause the immediate verification of said machine and the accounting records kept in connection therewith, to insure that all the sales data registered in the machine up to the last day it was used are properly recorded for internal revenue purposes. The approval shall show the following information as of the date of retirement or sale: namely, the reset counter number, accumulated grand total sales and the number of the last cash register receipt issued (Annex "D"*). The permit previously granted shall be recalled for cancellation;

(m) The original permit (Annex "B") should be securely attached to the back of the machine to which it refers and must be conspicuously visible to the public.

The serial number of the machine should also be printed in bold figures on the back thereof to facilitate verification;

(n) In cases where the applicant as enumerated in Section 2 is engaged in taxable and non-taxable business activities, a permit for a cash register or POS machine of the type which is capable of clearly indicating separately in words sales of taxable and non-taxable items, may be issued.

(o) Data required to be reflected on the register receipts. The cash register receipts must show among others, the following:

1. Proprietor's business name;

2. Municipal/City address (if the machine is used by a branch, the receipt should identify the particular branch; e.g. Branch 1 or Branch 2 Manila, etc.);

3. Proprietor's VAT or non-VAT number,

4. Amount of the transaction; and

5. Date of the transaction.

In no case shall a cash register or POS machine be used without the customer's receipt clearly showing all the data required above, except in the case of machines, where the proprietor has been authorized by the Regional Director or the Revenue District Officer concerned the use thereof pending the completion of the installation of the tape heading for a period not exceeding thirty (30) days from the date of such authority.

(p) Receipt Numbering Mechanism/Circuit. — In order to maintain the consecutive sequence of the numbers imprinted on the customer's receipts and the audit journal tape, the receipt numbering mechanism/circuit of a registered machine shall not be disturbed or tampered with; and

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(q) Inspection/Verification of Subsidiary Cash Register Sales Book and Cash Register Machines. — The subsidiary cash register sales book shall be kept at all times at the place where the machine is located and shall be available at any time for verification by duly authorized internal revenue officers.

Likewise, all cash register and POS machines, whether registered or not shall be subject to inspection any time by duly authorized internal revenue officers.

SECTION 3. Procedures in Recording of Sales. — The entries in the audit journal tape or its equivalent, shall be summarized at the end of the day and the total transferred to the Cash Register Sales Book. Thereafter, the total sales in all the registered machines shall be summarized and entered in the Cash Receipts Book or Columnar Journal not later than twelve o'clock noon of the following business day. The Cash Receipts Book or Columnar Journal shall have a special column strictly for sales recorded thru the cash register or POS machines to properly distinguish sales through the use of registered sales invoices or receipts. The used portion of the audit journal tape, appropriately identified to the machine and certified correct by the proprietor or his authorized representative, shall be cut off from the audit roll at the end of each business day and shall constitute the basic document to support daily sales entries in the cash register sales book. The cash register sales book and the used audit journal tape or its equivalent, shall form part of the accounting records and shall be preserved within the same period prescribed by applicable laws, rules and regulations.

SECTION 4. Cash Register Machines for Internal Control. — Any proprietor, owner or operator of a business establishment may use a cash register machine of any type for "internal control purposes", provided that, duly registered sales invoices or receipts are issued for every sale. However, such proprietor, owner or operator shall first notify the proper Revenue District Officer of his intention to use the machine solely for "internal control" and shall secure a poster from the said Office which shall be securely attached at the back of the machine conspicuous to the public showing the following:

"WARNING — THIS MACHINE IS NOT AUTHORIZED TO ISSUE RECEIPT.

ASK FOR SALES INVOICE. REPORT ANY VIOLATION TO THE B.I.R.

COMMISSIONER OF INTERNAL REVENUE"

(Annex "E")

At no time shall the poster be detached or covered from public view.

However, cash register machines without a built-in receipt dispensing mechanism or roller on which to mount the customers' roll may be used for internal control purposes without complying with the foregoing requirements.

SECTION 5. Exemptions. — Persons authorized to use cash register machines are hereby exempted from showing on the cash register receipt the name, business style and address of the purchaser and taxpayer identification number in case where the purchaser is a VAT registered person, regardless of the amount of sales. This, however, does not preclude the purchaser from requiring a registered sales invoice or official receipt.

SECTION 6. Registration of Other Kinds/Types of Cash Register Machines and/or Inclusion of Other Lines of Business. — A cash register machine with built-in capacity to accumulate sales data of different lines of business may be authorized by the Commissioner to issue cash register receipts for all such different lines of business, provided, however, that the distinction of sales by lines of business shall be clearly shown on the machine tapes in words rather than by code or symbol.

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Application for the above purpose shall be filed with the proper Revenue District Officer who shall cause the investigation of the veracity and merit of the applicant's representations on the built-in mechanisms and operating features of the machine and on the necessity for its use on such other lines of business. The report thereon shall be submitted to the Regional Director concerned or in case of taxpayers belonging to the LTD shall be submitted to the Large Taxpayers Division for appropriate action.

6.1 Unmanned bill, coin or token operated machines. — An unmanned machine capable of dispensing goods and services in exchange for bills, coins or tokens without the capacity for issuing cash register receipts are required to register with the proper Bureau office having jurisdiction over the said machine;

SECTION 7. Penal Clause. — Any violation of the provision of these Regulations shall be considered sufficient ground for the revocation of the permit to use cash register or POS machine.

If the nature of the violation is equivalent to non-issuance of sales invoice or receipt; or issuance of an unregistered receipt, such violation shall be dealt with in accordance with Sec. 264 of the NIRC of 1997.

SECTION 8. Transitory Provisions:

8.1

Inventory of Existing Machines — In order to effectively control all cash register and POS machines, whether or not registered with the Bureau, all Regional Directors shall require the submission of inventory of all cash register and POS machines within their jurisdictions in accordance with the form prescribed herein (Annex "F"), within (60) sixty days from the effectivity of these Regulations.

Machines not built with receipt dispensing mechanisms or not equipped with any roller on which to mount the customer's receipt shall not be included in the inventory.

8.2

Validity of Prior Permit. — All taxpayers previously granted permits to use cash register and POS machines issued before the effectivity of these Regulations shall remain valid within (60) sixty days from the effectivity of these Regulations and are mandatorily required to reapply for a new permit to use cash register or POS machines with the proper Bureau office having jurisdiction over the said machine upon effectivity of these Regulations and thereafter shall be valid until revoked by the Commissioner of Internal Revenue.

8.3

Registration of Cash Resister Sales Book. — The cash register sales book or its equivalent shall be registered with the proper Revenue District Office before use. However, in the initial implementation of these Regulations, the cash register sales book for existing authorized machines shall be registered with the Bureau within (60) sixty days from the effectivity of these Regulations.

SECTION 9. Repealing Clause. — All revenue regulations, circulars, orders or memoranda or portions thereof which are inconsistent herewith are hereby repealed or modified accordingly.

SECTION 10. Effectivity. — These Regulations shall take effect immediately.

Adopted: 25 June 1999

(SGD.) EDGARDO B. ESPIRITU
Secretary of Finance

RECOMMENDING APPROVAL:

(SGD.) BEETHOVEN L. RUALO
Commissioner of Internal Revenue

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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