

PRESCRIBING THE THRESHOLD AMOUNT OF GROSS SALES AND/OR RECEIPTS FOR VALUE ADDED TAX PURPOSES

EXECUTIVE ORDER NO. 181, June 14, 1994

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WHEREAS, Section 103(t) of the National Internal Revenue Code (the “Tax Code”) as amended by R.A. 7716, provides that the President shall, upon recommendation of the Secretary of Finance, set the threshold amount of gross sales and/or receipts of transactions to be exempted from value added tax;

WHEREAS, the Secretary of Finance has recommended that the threshold amount be set at FIVE HUNDRED THOUSAND PESOS (P500,000.00);

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, and in conformity with the requirement set forth in Section 103(t) of the Tax Code, as amended, do hereby declare that all transactions involving sale or lease of goods or properties or the performance of services other than those mentioned in subparagraphs (a) to (s) of the aforementioned section of the Tax Code, the gross annual sales and/or receipts of which do not exceed FIVE HUNDRED THOUSAND PESOS (P500,000.00) are exempt from value added tax, provided however, that any person covered by the foregoing exemption may apply for registration as a VAT registered person not later than ten (10) days before the beginning of the taxable quarter and shall pay the annual registration fee prescribed in Section 107(a) of the Tax Code and, provided finally, that any person falling under the foregoing exemption shall pay a tax equivalent to three percent (3%) upon the effectivity of R.A. No. 7716 and four percent (4%) two (2) years thereafter, of his gross quarterly sales and/or receipts.

Done in the City of Manila this 14th day of June in the Year of Our Lord, nineteen hundred and ninety four.

(Sgd.) FIDEL V. RAMOS
President of the Philippines

By the President:

(Sgd.) TEOFISTO T. GUINGONA, JR.
Executive Secretary

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