NATIONAL ADMINISTRATIVE REGISTER · MAY 20, 1994

MODIFIED PROCEDURES IN THE REGISTRATION OF VALUE-ADDED TAX (VAT), NON-VAT, AND EXCISE TAXPAYERS, WITHHOLDING AGENTS BRANCH(ES) WHETHER OR NOT FILING OF RETURN IS REQUIRED OR PAY...

BIR REVENUE MEMORANDUM ORDER NO. 41-94, May 20, 1994

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I
Objectives

This Order is issued to:

A. Establish modified procedures in the registration of VAT, Non-VAT and Excise Taxpayers, Withholding Agents, Branch(es) whether or not filing of return is required or payment of tax is due, and the cancellation of registration thereof.

B. Establish guidelines and procedures in the registration of place/premises where inventory of goods for sale or for use in business are kept and the cancellation of registration thereof.

C. Prescribe the use of a uniform. Application for Registration (BIR Form No. 1556-A, Annex A), Certificate of Registration (BIR Form No. 1556, Annex B), Application for Cancellation of Registration (BIR Form No. 1557, Annex C) and Annual Registration Fee Return (BIR Form No. 1558, Annex D).

II
Policies

A. Registration - 1. The taxpayer shall be required to file only one Application for Registration (BIR Form No. 1556- A) as VAT, Non-VAT, Excise Taxpayer and Withholding Agent, and this shall constitute as having complied with the registration of Business Name, this being automatically included in the above application.

2. All taxpayers and its branches, storage places and each place of production for excise taxpayers, who are required to register shall file an Application for Registration with the Revenue District Office (RDO) having jurisdiction over the principal place of business, branch, place of production or storage, as the case maybe.

3. A VAT person who maintains a head or main office and branches in different places shall register his VAT activity with the RDO which has jurisdiction over the place where the main or head office is located. However, the issuance of the certificate of registration shall be issued by the RDO where such branches are located.

4. Each branch is required to accomplish separate Applications for Registration even if located within the same RDO, and a separate Certificate of Registration shall be issued for each.

5. The annual registration fee of ONE THOUSAND PESOS (P1,000.00) shall be paid for every separate or distinct establishment or place of business using Annual Registration Fee Return. However, a taxpayer who is engaged in both VAT and Non-Vat activity shall pay an annual registration fee of ONE THOUSAND PESOS (P1,000.00) each.

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6. Non-stock, non-profit organizations and associations, under Section 26 of the National Internal Revenue Code, as amended (NIRC), not engaged in trade or business, shall be required to register but shall remain exempt from the payment of annual registration fee. The exemption from the payment of registration fee shall not apply if such taxpayer/registrant is engaged in taxable activities.

7. Any subsequent major change in the original registration (such as change of registration from VAT to Non-Vat or vice-versa, change in the organizational form, and other similar changes shall be effected by accomplishing the Application for Cancellation of Registration and pay the registration fee, if applicable. However, any minor changes in the original registration (such as change of address within the same RDO, typographical errors, and etc.) which may not necessitate cancellation of the registration shall be effected by accomplishing the Registration Change Form (Annex E).[*]

8. The Certificate of Registration shall only be issued after an ocular inspection of the business premises of taxpayer has been conducted by a Revenue Officer and duly approved by the Revenue District Officer concerned, in addition to other requirements for registration prescribed under this Memorandum Order.

9. Warehouses/Storage places where business transactions are conducted shall, for purposes of registration, be considered as a branch liable to the annual registration fee. However, if no business transactions are conducted thereat, it is still required to register but shall be exempted from the payment of registration fee.

Warehouses/Storage places within the premises of the home office or branch are not required to register.

10. Taxpayers who are required to register their storage place/premises where inventory of goods for sale or for use in business are kept prescribed under Revenue Regulations 5-94 shall likewise register their books of inventory upon approval and release of the Certificate of Registration.

11. Taxpayers registering their business at any time of the year shall pay the full annual registration fee of ONE THOUSAND PESOS (P1,000.00).

12. All applications for registration shall be assigned for ocular inspection within twenty-four (24) hours from receipt and the corresponding ocular inspection report shall be submitted within three (3) days from date of assignment.

13. The RDO shall maintain separate logbooks for all applications for registration received (Annex F) and all approved applications (Annex G).

B. Cancellation - 1. The cancellation for registration shall be effected only after compliance with all the cancellation procedures prescribed in this Memorandum Order.

2. The RDO shall maintain separate logbooks of all Applications for Cancellation of Registration (Annex H)[*] and all approved Application for Cancellation of Registration (Annex I).[*]

3. All applications for cancellation of registration due to closure/cessation or termination of business shall be subjected to immediate investigation by the concerned RDO to determine the taxpayer's tax liabilities.

III
Who, What, When and Where to Register

A. The following taxpayers, withholding agents, storage places, and each of the branches, if any, are required to register:

1. For VAT Registration

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1.1 Mandatory - Every person who, in the course of trade or business, sells, barters, exchanges, leases goods or properties or renders services subject to VAT, is required to register as a VAT taxpayer if the aggregate amount of his actual or expected gross sales and/or gross receipts exceeds FIVE HUNDRED THOUSAND PESOS (P500,000.00) for any 12-month period.

1.2 Optional - Any of the following persons may, at their option, apply for VAT Registration:

1.2.1. Seller of goods, properties or services whose taxable sale or gross receipts do not exceed FIVE HUNDRED THOUSAND PESOS (P500,000.00) for any 12-month period;

1.2.2. Export seller of agricultural and marine food products in their original state;

1.2.3. Export seller of fertilizers, seeds, seedlings and fingerlings; fish and poultry feeds, including ingredients, whether locally produced or imported, used in the manufacture of finished feeds.

1.2.4. Export seller of non-food agricultural, marine and forest products in their original state by the primary producer or owner of the land where the same are produced;

1.2.5. Export seller of cotton and cotton seeds in their original state; and

1.2.6. Export seller of copra.

Once the option has been made, the registrant shall be liable for the value-added tax but shall also be entitled to tax credit and/or refund.

2. For Non-VAT Registration - 2.1. VAT-exempt person under Section 103 of the NIRC who did not opt to register as VAT taxpayer;

2.2.

Persons subject to other percentage taxes mentioned in Section 112 of the NIRC;

2.3.

Persons engaged in trade or business, or exercise of profession, other than those subject to VAT and other percentage taxes under Title V of the Tax Code; and

2.4.

Non-stock, non-profit organizations and associations not engaged in trade or business.

3. For Withholding Agent Registration - 3.1. Any employer who pays or expects to pay any one employee the amount of P9,000.00 or more a year or P750.00 monthly as compensation, pursuant to Revenue Regulations No. 6-82, as amended by Revenue Regulations Nos. 12-86 and 4-93.

3.2.

One who is not an employer (whether individual or juridical), who pays or expects to pay income payments subject to the expanded withholding tax and final taxes;

3.3.

All government offices, including government-owned or controlled corporations, as well as provincial, city and municipal barangay government;

3.4.

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A branch office of any of the above offices (1, 2 & 3), having disposal and custody of payments subject to withholding tax.

4. For Excise Tax Registration - Any of the following persons who are engaged in the manufacture/production/importation/exportation of articles subject to Excise Tax.

4.1.

Manufacturer of cigarettes and other tobacco products;

4.2.

Importer of tobacco products;

4.3.

Whole-leaf tobacco buying agents/wholesale tobacco dealer (L-3 permit);

4.4.

Producer/manufacturer, repacker, wholesale dealer or importer of alcohol/alcohol products;

4.5.

Producer/importer of cinematographic films;

4.6.

Manufacturer/assembler of automobiles;

4.7.

Manufacturer/producer of mineral, mineral products and quarry resources; and

4.8.

Manufacturer/producer/seller of non-essential goods.

4.9.

Manufacturer/producer of petroleum products.

5. For registration of place/premises where inventory of goods for sale or for use in business are kept.

Any taxpayer who sells goods in the course of his trade or business shall register the place/premises where his inventory of goods for sale or for use in business are kept.

6. For registration of Branch Office - Every branch of a taxpayer whether or not filing of return is required or payment of tax is due shall register.

B. The Application for Registration shall be filed before commencement of business or production or qualification as a withholding agent. In the case of storage places, the application shall be filed within thirty (30) days from the date the aforesaid premises has been used for storage.

It shall be filed with the following:

1. For VAT Registration - With the RDO having jurisdiction over the principal place of business;

2. For Non-Vat Registration - With RDO having jurisdiction over the principal place of business or the branch at

the option of the taxpayer;

3. For Withholding Agents Registration - With the RDO having jurisdiction over the principal place of business and/or the branch having custody and disposal of payments subject to withholding tax;

4. For Excise Tax Registration - Each and every place of production of excise taxpayer shall be registered before the actual operation in the RDO where the place of production is located;

5. For registration of Branch Office where no filing of return or where no tax is due - Each branch office shall be registered with the RDO where the branch office is located; and

6. For storage place/premises where inventory of goods for sale or for use in business are kept - With the RDO having the jurisdiction over the place where such storage place/premises is located.

IV
Procedures

A. Registration - Hereunder is the modified procedure for registration of taxpayers:

1. Revenue District Office (RDO) - All applications for registration shall be filed with the Registration and Regulatory Unit (RRU) of the RDO in triplicate to be distributed as follows:

Original

-

Information Systems and Operations Service (ISOS)

Duplicate

-

RDO File Copy

Triplicate

-

Taxpayer

1.1. Receive in three (3) copies duly accomplished Application for Registration (BIR Form 1556-A) together with the following documents:

1.1.1. General Requirements

(a) Sketch of business location, place of production and/or place/premises where inventory of goods for sale are kept, whichever is applicable;

(b) Photocopy of Mayor's Permit and/or Municipal License;

(c) Photocopy of TIN Card or Application for TIN;

(d) In case of application filed by a branch, only copies of Certificate of Registration of the main office, is required;

(e) Formal written notice from the taxpayer in cases of minor discrepancies or changes affecting his original registration.

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1.1.2. Additional requirements for Excise Taxpayers

(a) Latest Income Tax Return; or affidavit executed by the President or Manager (for corporation or partnership), or by owner (if single proprietorship), to the effect that applicant is engaging in business for the first time and therefore, exempt from filing a return during the prior year;

(b) Blueprint, plat and plan of the place of production.

(c) Sanitary permit and Board of Investments (BOI) Certificate of Registration, whichever is applicable.

(d) Surety bond provided under Sec. 160 of the NIRC.

1.1.3. Additional requirements for Registration of Storage Places/Premises where Inventory of Goods for Sale is kept

(a) List of inventory at the time when taxpayer started his business, if applicable.

(b) List of inventory as of the year-end prior to application for registration, if applicable.

(c) Photocopy of the Certificate of Registration of principal place/branch of business, if previously registered.

1.2. Check thoroughly the completeness and accuracy of all information reflected on the application as well as the required documents specified in IV.A.1.a of this Memorandum Order duly verified from the original documents.

Extra care should be exercised to ensure that the correct TIN and NEDA industry/profession code of the taxpayer was reflected in his application.

1.3. Stamp the word "RECEIVED" and indicate the date of receipt on the lower right hand corner of the application form (BIR Form No. 1556-A).

1.4. Record in the appropriate logbook (Annex F)[*] all the relevant information contained in the Application for Registration.

1.5. Issue the triplicate copy of the application to taxpayer and instruct him to come back after five (5) working days from filing of the application to verify whether his application has been approved or not.

1.6. Forward the application, together with the required attachments, to the Revenue District Officer who shall assign the same to a Revenue Officer to:

1.6.1. determine/evaluate whether the application qualifies for registration in accordance with existing revenue rules, regulations and other issuances;

1.6.2. conduct ocular inspection of the business premises, place of production, and storage places/premises where inventory of goods for sale is kept as part of evaluating the application for registration; and,

1.6.3. recommend the approval or disapproval of the application on the basis of his evaluation and report on the ocular inspection (Annex K-1) to the Revenue District Officer within three (3) working days from the date of filing of the application; provided that all the requirements specified under IV.A.1.a of this Order have been complied with.

1.7. For Approved Applications

1.7.1. Require payment of annual registration fee using Annual Registration Fee Return (BIR Form No. 1558).

1.7.2. Determine whether the taxpayer filed his application on time.

1.7.3. Issue Authority to Accept Payment (ATAP) for the corresponding penalty as provided by existing

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regulations for those who failed to register on time.

1.7.4. Request from taxpayer the machine-validated Annual Registration Fee Return and ATAP, when applicable, evidencing payment of the penalty. Indicate on the application form the amount paid, date of payment and the transaction code. Return machine-validated Annual Registration Fee Return and ATAP to taxpayer.

1.7.5. Check the "APPROVED" box to indicate that the application for registration was approved. Sign on the space provided and indicate date of approval.

1.7.6. Assign RDO Control Number in sequential order on the upper right hand corner of the approved application (BIR Form No. 1556-A). For example, the first RDO control number for a registration certificate to be issued in 1994 by RDO No. 47, shall be coded.

94-470-000001

The first two digits correspond to the year of issue; the next three digits represent the RDO number; and the last six digits correspond to the chronological number of the document.

1.7.7. Record in the appropriate logbook the approved Application for Registration (refer to Annexes F and G for the proper format)[*];

1.7.8. Prepare Certificate of Registration (BIR Form No. 1556) to be signed by the Revenue District Officer and to be distributed as follows:

Original - Taxpayer
Duplicate - RDO (File)

Check the appropriate boxes corresponding to the registered activity (e.g. VAT, Non-VAT, etc.) and cross out the boxes not covered by the registration.

Fill-up the box for "Industry or Profession Code" using the Philippine Standard Industrial Classification Code prescribed by NEDA (Annex L).

1.7.9. Release the original copy of Certificate of Registration (BIR Form No. 1556) to the taxpayer after five (5) working days from the filing of application.

1.7.10. Advise taxpayer to display/exhibit the original copies of the Certificate of Registration (BIR Form No. 1556) and Annual Registration Fee Return (BIR Form No. 1558) in a conspicuous place at his principal office, branch office, place of production and/or storage place, as the case maybe.

1.7.11. Require taxpayer to register his books of accounts, including books of inventory for storage places, if applicable.

1.7.12. File the duplicate copies of the BIR Form No. 1556-A and 1556.

1.7.13. Forward all original copies of approved BIR Form No. 1556-A and Registration Change Form (Annex E) together with transmittal letters (Annexes J and M)[*] to ISOS within twenty five (25) days after the end of the month when the application was filed. The transmittal letter shall be prepared in four copies to be distributed as follows:

Original

-

ISOS

Duplicate

-

Withholding Agents

Monitoring Division

(WAMD)

Triplicate

-

Regulatory

Operations Monitoring Division

(ROMD)

Quadruplicate

-

RDO (File copy)

1.8. For Disapproved Application

1.8.1. Check the "DISAPPROVED" box to indicate that the application was disapproved. Sign on the space provided and indicate date when processing was completed.

1.8.2. Inform the taxpayer that his application for registration was disapproved.

2. Information Systems Operations Service (ISOS)

2.1.

Receive approved original copies of application for registration (BIR Form No. 1556-A) together with the covering transmittal letter from the Revenue District Office.

2.2.

Transcribe all required data from the approved application (BIR Form No. 1556-A). The file must show the registered name of taxpayer, TIN, type of business organization, type of registration applied for, number and street name, city or municipality in which the principal establishment and branches are located. This shall serve as the master file of all registrants.

2.3.

Generate a semi-annual computer printout by RDO by type of registration applied for in three (3) copies within ten (10) days after the end of each semester to be forwarded as follows:

Original

-

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to the Performance

Monitoring Service

(PMS)

Duplicate

-

to the Collection Service (CS)

Triplicate

-

to the RDO concerned

3. Performance Monitoring Service (PMS)/Collection Service (CS)

3.1. Receive computer printout of all application for registration together with the original copy/ies of BIR Form No. 1556- A.

3.2. Transmit the computer printout to Monitoring Division specified below:

VAT/Non-Vat/Excise

Storage Places

Branches

-

ROMD

Withholding Agents

-

WAMD

3.3. Maintain a logbook/ledger card of the approved application for registration for monitoring purposes, by the Division concerned.

B. Cancellation

Hereunder is the modified overall procedure in the cancellation of registration of VAT, Non-VAT, and Excise Taxpayers, Withholding Agents, Branches whether or not filing of return is required or payment of tax is due and Storage Place/Premises where inventory of goods for sale or for use in business is kept.

1. Revenue District Office (RDO) - All application for cancellation of registration shall be filed with the RRU of the RDO where the Certificate of Registration (BIR Form No. 1556) was issued in triplicate, to be distributed as follows:

Original

-

ISOS

Duplicate

-

RDO (File copy)

Triplicate

-

Taxpayer

1.1. Receive copy of application for cancellation of registration (BIR Form No. 1557) in triplicate from taxpayer voluntarily applying for cancellation together with the following documents:

1.1.1. Photocopy of the Certificate of Registration (BIR Form No. 1556).

1.1.2. Copy/ies of notice of retirement, deed of sale/of assignment, death certificate, resolution filed with the SEC for partnership or corporation dissolution, and notice of transfer, whichever is applicable.

1.2. Issue the triplicate copy of the application for cancellation of registration to the taxpayer and instruct him to come back after five (5) working days from filing thereof.

1.3. Assign Revenue Officer to conduct an ocular inspection/verification of the taxpayer's premises (Annex K-2)[*] within twenty four (24) hours from receipt of Application for Cancellation of Registration.

1.3.1. Taxpayer requesting for cancellation of registration due to closure/cessation or termination of business,

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shall be subjected to immediate investigation.

1.3.2. Application for cancellation due to transfer of place of business shall be referred to a Revenue Officer for ocular inspection and verification of taxpayer's compliance with existing revenue rules and regulations.

1.3.3. In the case of a retiring manufacturer of excisable goods, the investigating officer shall cause the dismantling and crating of machineries and/or mechanical contrivances used in the manufacture of such excisable goods before the cancellation of registration is issued.

1.3.4. In case the RDO is the one initiating the cancellation of registration based on the list of the "stop-filer/non-filer" generated pursuant to RMO 16-92, the Revenue District Officer shall assign a Revenue Officer to conduct an ocular inspection (Annex K-3)[*] who shall then recommend the cancellation thereof by accomplishing BIR Form No. 1557.

1.4. Require the Revenue Officer to prepare/submit a report within three (3) working days after conducting an ocular inspection. In case the cancellation is due to closure of business, the existing procedures on regular investigation of taxpayer's internal revenue tax liabilities shall be followed.

1.5. Process the application for cancellation and require registrant to surrender the original copy of the Certificate of Registration (BIR Form No. 1556) to the RDO for cancellation if the registration warrants cancellation. If the cancellation is due to closure/cessation or termination of business, require the submission of all unused official receipts, invoices and books of accounts for cancellation.

1.6. Stamp the word "CANCELLED" on the original copy of the Certificate of Registration and return the same to the taxpayer.

1.7. Record the cancellation in the appropriate logbook (refer to Annex I for the format).

1.8. Prepare monthly transmittal list of cancelled registration (Annex N) in quadruplicate twenty five (25) days after the end of the month following cancellation to be distributed as follows:

Original

-

ISOS, together with
original copy/ies of
the approved application
for cancellation
of registration.

Duplicate

-

WAMD

Triplicate

-

ROMD

Quadruplicate

-

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RDO (File copy)

2. Information Systems Operations Service (ISOS)

2.1 Receive monthly transmittal list of cancelled registration together with the original copy approved Application for Cancellation of Registration (BIR Form No. 1557).

2.2. Delist name of registrant from computer master file.

2.3. Generate a semi-annual computer printout of all cancelled registration by RDO by type of registration applied for in three (3) copies within ten (10) days after the end of each semester computer to be forwarded as follows:

Original

-

to the Performance Monitoring Service

Duplicate

-

Collection Service

Triplicate

-

to the RDO concerned

3. Performance Monitoring Service (PMS) / Collection Service (CS)

3.1.

Receive computer listings of all cancelled registration together with the original copy/ies of BIR No. 1557.

3.2.

Transmit the computer listings to Monitoring Division specified below:

VAT/Non-Vat Excise

Storage Places/ Branches

-

ROMD

Withholding Agents

-

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WAMD

3.3.

Maintain a logbook/ledger card of the approved application for cancellation for monitoring purposes, by the Division concerned.

IV
Transitory Provisions

All taxpayers registered as VAT, Non-Vat, establishments subjects to Excise Tax including their places of production, Withholding Agents, Storage places, each Branch whether or not filing of return is required or any payment of tax is due, and non-stock, non-profit organizations and associations not engaged in trade or business, as of the effectivity of this Order, shall be required to re-register as such beginning May 30, 1994 until June 30, 1994. However, a sixty-day (60) grace period shall be allowed without the imposition of penalties.

The re-registration procedures for existing taxpayers shall be as follows:

A. Require taxpayer to file with the RRU the accomplished Application for Registration (BIR Form No. 1556-A) in triplicate together with a copy of the old Certificate of Registration or any document evidencing previous registration.

B. Advise taxpayer to pay the required registration fee directly to any accredited bank within the revenue district where such registrant is located, using the Annual Registration Fee Return (BIR 1558).

C. Require taxpayer to present copy of duly validated Annual Registration Fee Return (BIR Form No. 1558) evidencing payment of registration fee.

D. Release to the taxpayer new Certificate of Registration.

E. Require taxpayer who is changing status from VAT to non-VAT or vice versa to submit the following, not later than June 30, 1994;

- Inventory list of all his unused sales invoices and official receipts as of May 27, 1994; and

- All unused sale invoices and official receipts for stamping of the words "VAT INVOICE/RECEIPT" or "NON-VAT INVOICE/RECEIPT", as the case may be, at the upper right hand portion of such invoices/receipts.

For purposes of re-registration of existing taxpayers, the submission of documentary requirements (other than that required in No. 1 of this Transitory Provision) and the conduct of ocular inspection prescribed under this Memorandum Order shall be dispensed with.

For taxpayers registering their business for the first time, from May 30 up to June 30, 1994 and within the 60-day grace period, the conduct of ocular inspection shall be done after the issuance of Certificate of Registration.

V
Repealing Clause

All other existing issuances inconsistent herewith are hereby repealed.

VI
Effectivity

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This Order takes effect immediately upon approval.

Adopted: 20 May 1994

(SGD.) VICTORIA A. DEOFERIO, JR.
Acting Commissioner

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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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