

SUBMISSION OF SUMMARY LIST OF SALES AND PURCHASES AND ISSUANCE OF FOUR-COPY INVOICES FOR CERTAIN TRANSACTIONS PRESCRIBED UNDER REVENUE REGULATIONS NO. 6-89.

BIR REVENUE MEMORANDUM CIRCULAR NO. 2-90, January 09, 1990

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A

Summary List of Sales and Purchases

(Sec. 23, RR 5-87, as amended by Sec. 3, RR 6-89)

1. Who are Required. – Every person liable for the VAT (whether registered or not) whose gross sales and/or receipts exceed P2,500,000.00 a quarter.

In the initial implementation, the quarter from which the minimum sales or receipts shall be determined is the quarter of a VAT taxpayer ending as follows:

Category

Taxable Quarter

A

October 1 - December 31, 1989

B

November 1 - January 31, 1990

C

December 1 - February 28, 1990

and the first list to be submitted shall cover transactions from January 1, 1990, the date the Regulations took effect, to the last day of the quarter.

Category

Period Covered

A

January 1 - March 31, 1990

B

January 1 - April 30, 1990

C

January 1 - May 31, 1990

For the succeeding quarters, a taxpayer shall become subject to the requirement if the amount of his gross sales or receipts in the immediately preceding quarter exceeds the stated minimum amount.

Once a taxpayer shall have become subject to the requirement, he shall continue to submit the list until the amount of his quarterly gross sales or receipts fall below the minimum amount for four (4) consecutive quarters, beginning after the last quarter in which his sales or receipts were in excess of the minimum qualifying amount. For example, if a taxpayer is a category "A" VAT taxpayer who became subject to the requirement for having exceeded the minimum amount of gross sales and/or receipts in his quarter ending December 31, 1989, he is obliged to submit the required list even if his gross sales and/or receipts do not exceed P2,500,000.00 in the succeeding four quarters: 2nd, 3rd, 4th quarters of 1990 and 1st quarter of 1991. He shall become exempt only if his gross sales or receipts for the 2nd quarter of 1991 do not exceed the minimum amount.

2. What Is Required - Submission of summary lists of sales and purchases which must show: —

- names, addresses and VAT numbers of suppliers and amount of purchases (exclusive of VAT) by totals per supplier (Suggested form entitled "Summary List of Purchasers")
- names, addresses and VAT numbers of buyers and amount of sales (exclusive of VAT) by totals per buyer (Suggested form entitled "Summary List of Sales").
- customs import entry number, amount of importation and VAT paid per entry (Suggested form, Summary List for Imports).

In lieu of the printed list, the requirement may be submitted on magnetic tapes or diskettes provided that they are prepared in accordance with the format, in Annex "D" (Please see NAR Vol. 1/3, July-September 1990, pp. 295 & 296).

3. When Is It Required To Be Submitted - The summary list is required to be attached to the quarterly VAT return, i.e., within 20 days of the month following each taxable quarter.

B

Issuance of four-copy VAT invoices

(Sec. 21, RR 5-87, as amended by Sec. 2, RR 6-89)

1.

Who is Required – (a) Sellers of goods or services subject to VAT to offices of the national and local government, including government agencies and instrumentalities and government-owned or controlled corporations;

b.

Sellers of goods or services otherwise subject to VAT to persons whose transactions are subject to zero rate;

c.

Sellers of goods or services otherwise subject to VAT to persons or entities whose exemptions granted under special law or international agreement effectively subjects such sales to zero rate, such as sales to the Asian Development Bank and US military facility;

d.

BOI-registered pioneer enterprises as of August 1, 1986, whether totally or partially exempt from VAT ;

e.

Sellers of merchandise to enterprise of the Export Processing Zone Authority;

f.

Sellers of raw materials to BOI-registered enterprises whose export sales exceed 70% of total annual production;

g.

Sellers of raw materials to non-resident foreign buyers of the delivery to a resident local export-oriented BOI-registered enterprise;

h.

BOI – registered subcontractors and contractors processing, converting or manufacturing goods for BOI-registered exporter who exports at least 70% of its total production; and

i.

Sellers of goods or services otherwise subject to VAT to persons or entities enjoying exemption under special law or international agreement.

2.

What Are the Respective Duties of Sellers and Buyers – In general, the seller shall give the 1st and 2nd copies of the invoice to the buyer and retain the 3rd and 4th copies. Specifically:

a.

If the buyer is a government office or agency, it shall submit the 2nd copy to the Revenue District Office of the city or municipality where the government office is located, within fifteen (15) days following the end of each calendar quarter pursuant to Memorandum Order No. 219 of the President, Republic of the Philippines (The said copy shall be transmitted by the RDO to the VAT Division within 5 days from receipt thereof)

b.

If the buyer falls under Sec. 21 (b) and (d) hereof, he shall attach the 2nd copy to his VAT return, and if he applies for refund or tax credit, present the original copy prior to release of tax credit certificate or tax refund to the issuing revenue officer.

On the other hand, the seller shall attach the 3rd copy of the sales invoice to his VAT return in support of his declaration of zero-rated or effectively zero-rated sales or exempt sales, as the case may be.

C

Miscellaneous

1. If a taxpayer is 100 percent engaged in zero-rated or effectively zero-rated sales, is he required to submit the summary list of sales or purchases?

Ans. Yes, because zero-rated sales are considered taxable sales subject to zero-rate. However, the exporter need not submit a summary list of export sales.

2. How do you determine the minimum qualifying gross sales or receipts of P2,500,000.00? Do you aggregate the exempt sales, if any, and the VAT taxable sales?

Ans. No, the minimum amount refers only to VAT-taxable sales.

3. Are government agencies exempt from VAT?

Ans. No, what is taxable or exempt under VAT is the transaction. If the transaction is not one of the exemptions enumerated under Sec. 103 of the Tax Code, the sale of goods or services is subject to VAT, irrespective of whether the purchaser is government agency or a non-government agency. However, a government agency may claim exemption under a special law or international agreement.

4. Under the covering Regulations, supermarkets, department stores, and other sellers of goods and services to "last consumers" may submit list of purchases of goods and services. If a taxpayer is a wholesaler and retailer at the same time, is he exempt from submitting the summary list of sale to "last consumers"?

Ans. Yes, he is exempt from the requirement to submit the list of sales to "last consumers". He is, however, still required to submit the list of his purchases for his wholesale and retail business as well as the summary list of his sales in wholesale business. In this connection, "last consumers" shall refer to persons who purchase goods or services not for resale or for conversion into finished product or to be supplied with services or to be used in connection with VAT-taxable business, but for consumption not in connection with trade or business.

5. In the instances where it is required that a four-copy invoice shall be issued, can photocopies be substituted for the two copies until four-copy invoice can be printed?

Ans. In the initial implementation, the substitution with photocopies may be allowed. The four-copy invoice requirement, however, shall be strictly enforced beginning April 1, 1990.

6. Will the required summary list of purchases include purchases of goods or services otherwise subject to VAT from non-VAT persons?

Ans. Yes, because the Regulations does not exclude such purchases.

All internal revenue officers and others concerned are hereby enjoined to give this Circular as wide a publicity as possible.

Adopted: 24 Sept. 1990

(Sgd.) JOSE U. ONG

Commissioner of Internal Revenue

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