# Tax and Regulatory Bulletin

July 2025

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# Executive Summary

## Bureau of Internal Revenue (BIR)

1. New, modified and removed alphanumeric tax codes (ATCs) pursuant to the Capital Markets Efficiency Promotion Act (CMEPA).

2. New guidelines and procedures regarding requests for issuance of a Certified True Copy (CTC) of the Commissioner of Internal Revenue's (CIR's) decision on an administrative appeal against a Final Decision on Disputed Assessment (FDDA) and on a denial of claims for refund of VAT and excise tax.

3. Clarity on what types of Books of Accounts new business taxpayers can register with the BIR during business registration.

4. Clarity on certain issues pertaining to compliance with the documentary requirements in availing VAT zero-rating on local purchases of duly registered business enterprises (RBEs).

5. Amended prescribed format of VAT Zero-Rating Certificate to be issued by IPAs.

6. Clarity on the expiration of Certificates of Accreditation of Cash Register Machines (CRMs), Point-of-Sale (POS) and other similar sales machines/software generating invoices/receipts including Electronic Invoicing or Electronic Receipting System/software used under a subscription-based agreement.

7. Updated Checklist of Documentary Requirements (Annexes) for BIR registration-related frontline services.

## Court of Tax Appeals (CTA)

1. In cases of assessment issued within the three-year ordinary period, the BIR has another three years within which to collect taxes. Moreover, the running of the prescriptive period for collection of taxes can only be suspended by a request for reinvestigation, not a request for reconsideration.

2. Under Section 143(h) of the Local Government Code (LGC) of 1991, the local business tax (LBT) must be computed based on the gross sales or receipts of the preceding calendar year. This is reinforced by Section 75(e) of the Taguig Revenue Code, which mandates that the LBT for contractors be based on the prior year's gross sales.

3. If the taxpayer is refuting the data appearing in the Letter Notice (LN), there must be a confirmation request/s (CR/s) on the TPI source. The Revenue Officer (RO) must serve a confirmation request to the TPI source/s, and wait for five days (from service thereof), or 10 days (from mailing) before such TPI may be considered by said RO as true and correct.

## Supreme Court

1. The 60% Government's share of the proceeds under Presidential Decree Nos. 87 and 1459 includes the Contractor's Income Taxes. Under the terms of the Service Contract, while the Contractors remain liable for income taxes, the Philippine government assumes and pays these taxes as part of its share of net proceeds.

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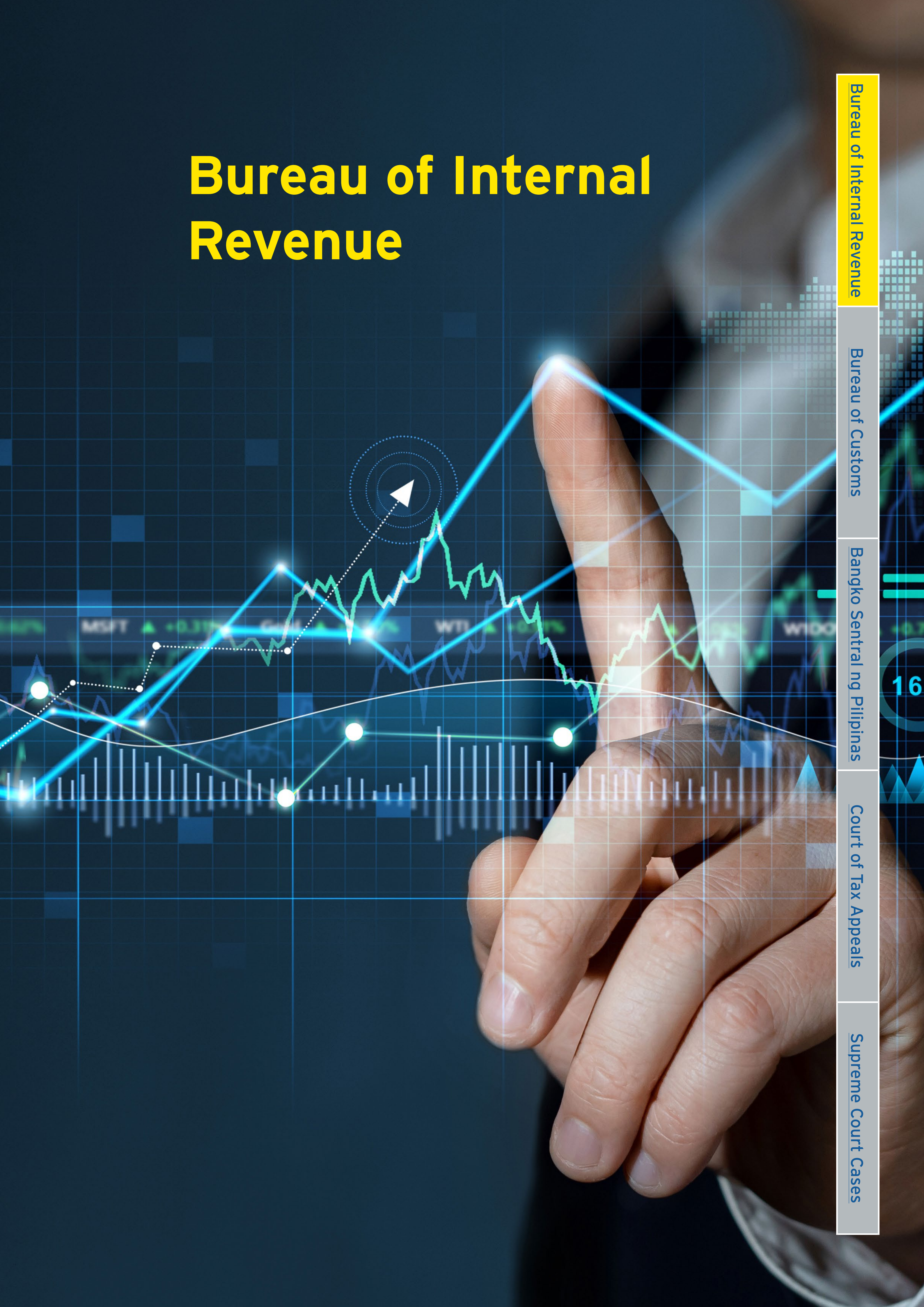
# Bureau of Internal Revenue



Bureau of Internal Revenue
Bureau of Customs
Bangko Sentral ng Pilipinas
Court of Tax Appeals
Supreme Court Cases

## Bureau of Internal Revenue

RR No. 17-2025 amends Sections 3 and 4 of RR No. 16-2024 on the updated floor price of cigarette, heated tobacco, and vapor products.

**Revenue Regulations (RR) No. 17-2025 dated 26 May 2025**

- Provided hereunder are the updated floor prices for the subject tobacco products:

  A. Cigarettes

| Packaging | Content per Packaging | Production Cost/Total Landed Cost | Excise Tax (2025) | VAT (12%) | Total Tax | Floor Price |
|---|---|---|---|---|---|---|
| Pack | 20 sticks | 10.25 | 66.15 | 9.168 | 75.318 | 85.57 |
| Ream | 10 packs | 102.50 | 661.50 | 91.68 | 735.18 | 855.68 |

  B. Heated Tobacco Products

| Packaging | Content per Packaging | Production Cost/Total Landed Cost | Excise Tax (2025) | VAT (12%) | Total Tax | Floor Price |
|---|---|---|---|---|---|---|
| Pack | 20 sticks | 19.04 | 35.84 | 6.59 | 42.43 | 61.47 |

  C. Vapor Products

  1. Nicotine Salt or Salt Nicotine

| Packaging | Pack/ Fill | Content per Packaging | Production Cost/Total Landed Cost | Excise Tax (2025) | VAT (12%) | Total Tax | Floor Price |
|---|---|---|---|---|---|---|---|
| Pod | 1 | 2ml | 200.68 | 114.66 | 37.84 | 152.50 | 353.18 |

  2. Conventional ‘Freebase’ or ‘Classic’ Nicotine

| Packaging | Pack/ Fill | Content per Packaging | Production Cost/Total Landed Cost | Excise Tax (2025) | VAT (12%) | Total Tax | Floor Price |
|---|---|---|---|---|---|---|---|
| Disposable Pod | 1 | 10ml | 97.52 | 66.15 | 19.64 | 85.79 | 183.31 |
| Prefilled Pod | 1 | 10ml | 90.00 | 66.15 | 18.74 | 84.89 | 174.89 |
| Disposable Device | 1 | 10ml | 110.80 | 66.15 | 21.23 | 87.38 | 198.18 |

- The foregoing costs are based on submitted manufacturer's/importer's sworn statements.

- The above floor prices shall only be used as reference for taxation purposes in the absence of other documents/proof as to the actual price of the product that is higher than the identified floor price.

- Selling of tobacco products at a price lower than the combined excise and value-added taxes imposed under the law shall be prohibited.

- Under Section 145 (C) of the 1997 Tax Code, as amended, the seller of such products shall be punished with a fine of not less than ten times the amount of excise plus VAT due but not less than Php200,000 nor more than Php500,000, and imprisonment of not less than four years but not more than six years.

- These Regulations shall take effect fifteen days following its publication in a newspaper of general circulation or in the Official Gazette, whichever comes first. The same shall be effective on 2 August 2025 following its issuance in the BIR official website on 18 July 2025.

RMO No. 32-2025 provides for the creation, modification and dropping of alphanumeric tax code (ATC) of selected revenue source under Republic create (RA) No. 12214 [Capital Markets Efficiency Promotion Act (CMEPA)] and RA No. 11494 (Bayanihan to Recover as One Act).

**Revenue Memorandum Order (RMO) No. 32-2025 dated 24 June 2025**

- The following ATC is created:

| ATC | Description | Tax Rate | Legal Basis | BIR Form No. |
|---|---|---|---|---|
| PT203 | Sale or Exchange of Shares of Stock and Other Securities of a Domestic Corporation Listed and Traded through a Foreign Stock Exchange (FSE) | 1/10 of 1% | RA No. 12214 | 2552 |

- The following ATC is modified:

| EXISTING (per ATC Handbook) | | | Legal Basis | BIR Form No. | Modified/New | |
|---|---|---|---|---|---|---|
| ATC | Description | Tax Rate | | | Description | Tax Rate |
| PT200 | Tax on Sale, Barter or Exchange of Shares of Stock and Other Securities Listed and Traded through a Local Stock Exchange (LSE) | 6/10 of 1% | RA No. 12214 | 2552 | Sale or Exchange of Shares of Stock and Other Securities Listed and Traded through a Local Stock Exchange (LSE) | 1/10 of 1% |

- The following ATCs are dropped:

| ATC | Description | Tax Rate | Legal Basis | BIR Form No. |
|---|---|---|---|---|
| PT201 | Sale or Exchange of Shares of Stock through Initial Public Offering<br>Up to 25%<br>Over 25% but not over 33 1/3%<br>Over 33 1/3% | <br>4%<br>2%<br>1% | RA No. 11494 | 2552 |
| PT202 | Sale or Exchange of Shares of Stock through Secondary Public Offering<br>Up to 25%<br>Over 25% but not over 33 1/3%<br>Over 33 1/3% | <br>4%<br>2%<br>1% | RA No. 11494 | 2552 |

RMO No. 33-2025 amends RMO No. 26-2025 on modification of ATC of selected revenue source under RA No. 12066 [Corporate Recovery and Tax Incentives for Enterprises Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act].

**RMO No. 33-2025 dated 5 June 2025**

- The ATCs reflected in RMO No. 18-2025 and RMO No. 26-2025 are presented as follows to avoid confusion by providing comparative descriptions and rates for the identified income payments:

| EXISTING (per ATC Handbook) | | | Legal Basis | BIR Form No. | Modified/New | |
|---|---|---|---|---|---|---|
| ATC | Description | Tax Rate | | | Description | Tax Rate |
| <br>WI820<br>WC820 | On one-half (½) of the gross remittances by e-marketplace operators to the sellers/ merchants for the goods or services sold/ paid through their platform/ facility<br>Individual<br>Corporate | 1% | RA No. 12066/ RR No. 5-2025 | 1601-EQ/2307 | On the gross remittances by e-marketplace operators to the sellers/ merchants for the goods or services sold/ paid through their platform/ facility<br>Individual<br>Corporate | ½% |

| EXISTING (per ATC Handbook) | | | Legal Basis | BIR Form No. | Modified/New | |
|---|---|---|---|---|---|---|
| ATC | Description | Tax Rate | | | Description | Tax Rate |
| <br><br><br><br><br><br><br><br><br><br><br><br><br>WI820<br>WC820 | On one-half (½) of the gross remittances by digital financial services providers to the sellers/ merchants for the goods or services sold/ paid through their platform/ facility<br><br>Individual<br>Corporate | 1% | RA No. 12066/ RR No. 5-2025 | 1601-EQ/2307 | On one-half (½) of the gross remittances by digital financial services providers to the sellers/ merchants for the goods or services sold/ paid through their platform/ facility<br><br>Individual<br>Corporate | ½% |

RMO No. 34-2025 provides the guidelines and procedures regarding requests for issuance of a Certified True Copy (CTC) of the Commissioner of Internal Revenue (CIR)'s decision on an administrative appeal against a Final Decision on Disputed Assessment (FDDA) and on a denial of claims for refund of VAT and excise tax under Sections 112 (C) and 135-A of the National Internal Revenue Code (NIRC) of 1997, as amended by RA No. 12066, under the jurisdiction of the Appellate Division.

**RMO No. 34-2025 dated 4 July 2025**

- In order to facilitate the processing of requests for a CTC of the CIR's decision on an administrative appeal against a FDDA and on the denial of the claims for refund of VAT and excise tax (ET) under Sections 112 (C) and 135-A of the NIRC of 1997, as amended by RA No. 12066, under the jurisdiction of the Appellate Division, the following documentary requirements and procedures are promulgated for the compliance of all concerned:

  - **Documentary requirements**

    1. Written request for a CTC of the CIR's decision on the administrative appeal against the FDDA and on the denial of the claims for refund of VAT and ET under Sections 112 (C) and 135-A of the NIRC of 1997, as amended by RA No. 12066 under the jurisdiction of the Appellate Division. This request must include the taxpayer's name and the taxable year involved and must be signed by the taxpayer or the taxpayer's authorized representative.

    2. For individual taxpayers

       a. Photocopy of one government-issued identification card (ID) showing the taxpayer's name, picture, and signature (with one specimen signature)

       b. If transacting through a representative:

          ii. One original copy of Special Power of Attorney executed by the taxpayer, clearly indicating the purpose and the name of the authorized representative

          iii. Photocopy of one government-issued ID for both the taxpayer and the authorized representative, showing their names, pictures, and signatures (with one specimen signature each)

3. For corporations/non-individual taxpayers

    a. One original copy of a Board Resolution, Written Resolution (in case of a one-person corporation), or Secretary's Certificate, indicating the purpose and the name of the authorized representative

    b. Photocopy of one government-issued ID for both the signatory and the authorized representative, showing their names, pictures, and signatures (with one specimen signature each)

4. Proof of payment of Certification Fee issued by the General Services Division (GSD) – Bureau of Internal Revenue (BIR) National Office

5. Payment of documentary stamp tax.

- Procedures

    1. Submit a written request for a CTC of the CIR's decision on the administrative appeal against the FDDA or on the denial of the claims for refund of VAT and ET under Sections 112(C) and 135-A of the NIRC of 1997, as amended by RA No. 12066 under the jurisdiction of the Appellate Division, along with the applicable proof of identification and authorization enumerated above, to the Administrative Officer of the Appellate Division at Room 807, 8th Floor, BIR National Office for verification and processing of the request.

    2. Pay the applicable fee of Php100.00 per CTC to the GSD at Room 1011, 10th Floor, BIR National Office and the documentary stamp tax.

    3. Present proof of payment issued by the GSD and the loose DST to the Appellate Division.

    4. Receive the CTC of the CIR's decision on administrative appeal against the FDDA or on the denial of the claims for refund of VAT or ET under Sections 112 (C) and 135-A of the NIRC of 1997, as amended by RA No. 12066, from the Appellate Division.

- Requests with incomplete or non-compliant requirements shall not be processed.

RMO No. 35-2025 modifies the ATC of selected revenue source under RA No. 12214 (CMEPA).

**RMO No. 35-2025 dated 24 June 2025**

- To facilitate the proper identification and monitoring of payment for DST pursuant to CMEPA, the following ATCs are modified:

| Existing (per ATC Handbook) | | | Legal Basis | BIR Form No. | Modified/New |
|---|---|---|---|---|---|
| ATC | Description | Tax Rate | | | Tax Rate |
| DS101 | Original Issue of Shares of Stock | Php2.00/ Php200.00 | RA No. 12214 | 2000 | 75% of 1% of the par value |
| DS103 | Bonds, Debentures, Certificates of Stock or Indebtedness Issued in Foreign Countries | Php1.50/ Php200.00 | | | 75% of 1% of the value of the transaction |

| Existing (per ATC Handbook) | | | Legal Basis | BIR Form No. | Modified/New |
|---|---|---|---|---|---|
| ATC | Description | Tax Rate | | | Tax Rate |
| DS106 | Original Issue of all Debt Instruments | Php1.50/ Php200.00 of issue price or a fraction of 365 days for instruments with term of less than one year | | | Standard Rate: 75% of 1% of issue price. If the term is less than one year: DST is multiplied by the ratio of its term in number of days to 365 days |

RMC No. 65-2025 clarifies what types of Books of Accounts new business taxpayers can register with the BIR during business registration.

**Revenue Memorandum Circular (RMC) No. 65-2025 dated 2 July 2025**

- New business registrants with no existing taxpayer identification number (TIN) or who already have an existing TIN, can register any of the following types of Books of Accounts:

  1. Manual Books of Accounts
  2. Loose-leaf Books of Accounts (LLBA)
  3. Computerized Books of Accounts (CBA)

- Taxpayers who opt to use LLBA and CBA are not required to register Manual Books of Accounts. They are required, however, to secure a Permit to Use (PTU) LLBA or Acknowledgement Certificate (AC) for CBA or Computerized Accounting System (CAS) before use. These permits can only be issued after a TIN has been issued. Therefore, the registration of LLBA or CBA cannot be processed simultaneously with the issuance of TIN. Once the TIN and required permits have been issued, the BIR Registration Officer may update the taxpayer's record to reflect the registration of LLBA or CBA.

- The registration period of Manual Books of Accounts, LLBA and CBA is prescribed under RMC No. 3-2023 and is not mandatory during business registration. Taxpayers who opt to use LLBA or CBA shall be liable for failure to make entries or recordings upon commencement of business operations, without approved PTU or AC.

RMC No. 66-2025 clarifies certain issues pertaining to compliance with the documentary requirements in availing VAT zero-rating on local purchases of duly registered business enterprises (RBEs).

**RMC No. 66-2025 dated 2 July 2025**

- Submission of a sworn declaration by the RBE-buyer is no longer required to avail of the 0% VAT rate. The VAT Zero-Rate Certificate issued by the concerned Investment Promotion Agency (IPA) shall serve as the primary documentary basis for such availment. This is without prejudice to the BIR's authority to conduct post-audit verification to ensure that the purchases are directly attributable to the registered project or activity of the qualified RBE.

RMC No. 67-2025 circularizes Customs Memorandum Circular No. 113-2025, entitled "Implementation of RR No. 09-2025 which implemented Section 295 (D) of the National Internal Revenue Code of 1997 (Tax Code), as amended by Section 18 of Republic Act No. 12066 or the CREATE MORE Act."

**RMC No. 67-2025 dated 3 July 2025**

- In relation to RR No. 09-2025, the Secretary of Finance, in a letter dated 15 April 2025, clarified that sales of goods and services to domestic market enterprises or non-RBEs are now considered "local sales," which fall outside the mandate of the Bureau of Customs (BOC), and is now under the jurisdiction of the BIR, for VAT purposes.
- Per Memorandum dated 22 May 2025 issued by the Deputy Commissioner, Operations Group, BIR, the BOC shall allow the release of goods locally sold by RBEs upon the presentation of BIR Form No. 0605, which appears to be valid on its face and is not visibly counterfeit. Thereafter, the concerned Customs Officer should promptly send the submitted Form to BIR with the corresponding invoice, and any other relevant supporting documents, through electronic mail, for the conduct of post-verification checks and post audit.
- Aside from the presentation of BIR Form No. 0605, the BOC Officers handling the release of the goods subject of local sale shall collect the appropriate duties, applicable taxes other than VAT, and other fees and/or charges on the imported raw materials sold or as component of the finished product, whose collection were suspended at the time of importation by the RBE.
- The RBE shall make an appropriate goods declaration for such raw materials and pay the corresponding duties, applicable taxes except VAT, and other fees and/or charges thereon, with attached BIR Form No. 0605.

RMC No. 71-2025 amends the prescribed format of VAT Zero-Rating Certificate to be issued by IPAs.

**RMC No. 71-2025 dated 11 July 2025**

- The revised templates for VAT Zero-Rating Certificate are as follows:

  a. Template 1 – shall be used for VAT zero-rating certificates issued to Registered Export Enterprises (REEs) and High-Value Domestic Market Enterprises (HVDMEs) registered under the CREATE MORE Act.

  b. Template 2 – shall be used for VAT zero-rating certificates issued to RBEs with incentives granted prior to the effectivity of the CREATE Act.

- All VAT zero-rating certificates to be issued must conform with the above formats.

RMC No. 72-2025 clarifies the expiration of Certificates of Accreditation of Cash Register Machines (CRMs), Point-of-Sale (POS) and other similar sales machines/software generating invoices/receipts including Electronic Invoicing or Electronic Receipting System/software used under a subscription-based agreement.

**RMC No. 72-2025 dated 14 July 2025**

- Developers/dealers/suppliers/pseudo-suppliers of "Sales Machines/Software" whose Certificates of Accreditation are valid until 31 July 2025 and onwards must apply for a new accreditation following the policies and procedures under RMO No. 24-2023.
- Invoices and other accounting records generated by these systems must comply with the requirements set forth in RR No. 7-2024.
- All PTU CRMs, POS and other similar sales machines/software do not expire and do not need to be cancelled or revoked upon expiry of the Certificate of Accreditation of the software that was used during applications for the sales machine's/software's PTU.

RMC No. 74-2025 prescribes the updated Checklist of Documentary Requirements (Annexes) for BIR registration-related frontline services.

**RMC No. 74-2025 dated 18 July 2025**

- For clarification, a One Person Corporation (OPC) applying for registration through an authorized representative shall be required to present a Written Resolution indicating the name of authorized representative and the details or purpose of authorization being given to the representative. This requirement does not apply if the incorporator or sole stockholder of the OPC is personally transacting with the BIR. A Special Power of Attorney cannot be submitted as a substitute to the Written Resolution since an OPC is a juridical entity and has a separate legal personality, distinct from its sole stockholder.

- Similarly, a Secretary's Certificate signed by an Assistant Corporate Secretary cannot be submitted as a substitute to a Secretary's Certificate signed by the duly appointed Corporate Secretary.

- The BIR shall only process applications or requests with complete documentary requirements and shall not process deficient or incomplete applications or requests pursuant to paragraph 2 of Rule VII, Section 2(b) of the Implementing Rules and Regulations (IRR) of RA No. 11032, otherwise known as the "*Ease of Doing Business and Efficient Government Delivery Act of 2018*."

# Bureau of Customs

## Bureau of Customs

**Implementation of Republic Act No. 12214 on the Payment of Excise Tax of Pick-up Vehicles Effective 1 July 2025**

Customs Memorandum Circular No. 131-2025 implements the provisions of Republic Act No. 12214, otherwise known as the "Capital Markets Efficiency Promotion Act," which introduces amendments to the National Internal Revenue Code of 1997, particularly on the imposition of excise taxes.

**Customs Memorandum Circular No. 131-2025 dated 1 July 2025**

**Excise Tax on Pick-Up Trucks**

Effective 1 July 2025, all importations of pick-up trucks shall be subject to excise tax in accordance with the schedule provided under the Tax code, as amended.

**Preferential Tax Treatment for Certain Vehicles:**

- Hybrid vehicles shall be subject to 50% of the applicable excise tax rate.
- Purely electric vehicles shall be exempt from excise tax.

The Bureau of Customs' Electronic-to-Mobile (E2M) System will reflect the appropriate tax rates for covered vehicles specifically the importation of pick-up trucks which shall now be subject to the payment of excise tax.

# Bangko Sentral ng Pilipinas

## Bangko Sentral ng Pilipinas

BSFIs are hereby reminded to ensure non-discrimination against certain types of customers or against a certain religion, race or ethnic origin, or such other attributes or profiles, when implementing Anti-Money Laundering/Counterfeiting Terrorism and Proliferation Financing (AML/CTPF) regulations including the conduct of customer due diligence

**BSP Memorandum No. M-2025-021:** Reminder on Non-Discrimination Against Certain Types of Customers, including Persons of Concern (POC) issued on 8 July 2025

These customer types include *Persons of Concern* or POC which refer to those whose protection and needs are of concern to the state under relevant United Nations Conventions. This consists of, but are not limited to:

a) Refugees
b) Asylum seekers
c) Stateless persons
d) Stateless applicants

Lastly, POC shall be ensured access to financial services and connectivity as part of their fundamental rights based on the Universal Declaration of Human Rights (UDHR), International Covenant on Economic, Social and Cultural Rights (ICESCR), and United Nations Sustainable Development Goal (UNSDG) No. 8.2.

This is a call for the publication/posting by the concerned institution of its Statement of Condition (Head Office, branches and other offices) (SOC) side-by-side with its Consolidated SOC (Parent institution and its subsidiaries and affiliates), or Balance Sheet (BS), as applicable, as of 30 June 2025, in accordance with Sections 172-Q, 144-N and 183-T of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) for quasibanks and trust entities, respectively

**BSP Circular Letter No. CL-2025-027:** Publication/Posting of Statement of Condition and/or Consolidated Statement of Condition, and Balance Sheet issued on 9 July 2025

Such SOC and/or Consolidated SOC, or BS, where applicable, shall be published in a newspaper of general circulation in the city/province where the principal office is located, but if no newspaper is published in the same city/province, then in a newspaper published in Metro Manila or in the nearest city/province within 20 working days from the date of this Circular Letter.

Further, the original and a copy of the SOC and/or Consolidated SOC, or BS, where applicable, shall be scanned and submitted in pdf format within 20 working days from the date of this Circular Letter. Additionally, copies of SOC and/or Consolidated SOC, or BS, where applicable, and as published, along with the publisher's certificate shall also be scanned and submitted in pdf format within five working days from the date of publication.

This Circular amends some of the provisions of the MORB and MORNBFI

**BSP Circular No. 1216 Series of 2025:** Amendments to the Regulations on Disqualification of Directors and Officers issued on 16 July 2025

In Resolution No. 518, the Monetary Board has approved the following amendments to the provisions of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI):

| | |
|---|---|
| **Section 1.**<br><br>(Section 138 of the MORB on Disqualification and Watchlisting of Directors and Officers) | a. Permanently Disqualified<br><br>xxx<br><br>*(9) Persons who voluntarily submitted an irrevocable sworn written commitment to perpetually inhibit themselves from participating in the ownership whether directly or indirectly, and/or management, in whatever capacity, of any BSP-supervised financial institution.*<br><br>xxx |

| | |
|---|---|
| | **Disqualification procedures**. All directors/officers who are considered disqualified under this Section shall be subject to the disqualification procedures provided herein. Disqualified persons shall be included in the BSP Watchlist Files.<br><br>xxx<br><br>j. In cases initiated by the BSP which resulted in conviction by final judgment of a court for violation of banking laws, rules and regulations, *and offenses involving dishonesty or breach of trust, as enumerated under Section 138 (a) (1) - Persons Disqualified to become directors/officers (Permanently Disqualified) of the MORB*, the Office of the General Counsel and Legal Services (OGCLS) shall recommend to the Monetary Board the permanent disqualification of said person and his/her name shall be included in the Disqualification File 'A' (Permanent) upon approval of the Monetary Board.<br><br>xxx |
| **Section 2.**<br><br>(Section 137-Q of the MORNBFI on Disqualification and Watchlisting of Directors and Officers) | a. Permanently Disqualified<br><br>xxx<br><br>*(9) Persons who voluntarily submitted an irrevocable sworn written commitment to perpetually inhibit themselves from participating in the ownership whether directly or indirectly, and/or management, in whatever capacity, of any BSP-supervised financial institution.*<br><br>**Disqualification procedures**. All directors/officers who are considered disqualified under this Section (Persons disqualified to become directors/officers) shall be subject to the disqualification procedures provided under this Section. Disqualified persons shall be included in the BSP Watchlist Files.<br><br>xxx<br><br>j. In cases initiated by the BSP which resulted in conviction by final judgment of a court for violation of banking laws, rules and regulations, *and offenses involving dishonesty or breach of trust, as enumerated under Section 137-Q (a) (1)- Persons Disqualified to become directors/officers (Permanently Disqualified) of the MORNBFI*, the Office of the General Counsel and Legal Services (OGCLS) shall recommend to the Monetary Board the permanent disqualification of said person and his/her name shall be included in the Disqualification File 'A' (Permanent) upon approval of the Monetary Board.<br><br>xxx |

This Memorandum requires all banks and Non-Banks with Quasi-Banking Functions (NBQBs) to observe the guidelines relative to the submission of the Demand Deposit Account (DDA) Reconciliation Statement using Extensible Mark Up Language (XML) format through the Prudential Reporting Innovation and Monitoring Engine (PRIME) beginning reference period 31 December 2025 report

**BSP Memorandum No. M- 2025-023:** Guidelines on the Submission of the Report on Demand Deposit Account (DDA) Reconciliation Statement using Extensible Mark-Up Language (XML) Format through Prudential Reporting Innovation and Monitoring Engine (PRIME) issued on 21 July 2025

- The Guidelines are:

  1) XML Schema Definition (XSD), Control Prooflist (CP), and Report Template can be downloaded from the Report Details module of the PRIME under the BSP Relationship Management System (BRMS) using the latest version of web browsers.

  2) The generated XML, together with the scanned CP, duly signed by the authorized officials of the reporting BSP Supervised Financial Institutions (BSFIs), shall be submitted within the prescribed deadline via the PRIME facility.

  3) The parallel run of the DDA shall begin with reference period 30 June 2025 through the use of the Sandbox module of PRIME.

  4) The live submission of DDA in PRIME shall start with reference period 31 December 2025. Accordingly, covered BSFIs shall discontinue its submission of the report through the BSP Financial Institution Portal.

- For banks

  5) Detailed guidelines on the implementation of API-based submission via machine-to-machine modality and the use of the PRIME Submission Portal of covered institutions are provided in Memorandum No. M-2023-022 dated 20 July 2023.

- For NBQBs

  6) They shall continue to use the official registered PRIME accounts of the authorized officers named in their submitted registration forms.

  7) In generating their XML reports, NBQBs may use either their own XML converter facility or BSP XML converter facility, which is made available in PRIME under the BRMS until otherwise advised.

  8) They shall submit their generated XML report through machine-to-machine modality using the NBQB's chosen process as coordinated with the BSP. In case submission via machine-to-machine is not yet available, NBQBs may use the PRIME submission portal under the BRMS until further notice.

- Other Submission Guidelines

  9) Only files prescribed by the BSP for the report shall be accepted, subjected to validation and applicable penalties for reporting violations as provided under Section 171/172 Q of the Manual of Regulations for Banks (MORB)/ Manual of Regulations for Non-Bank Financial Institutions (MORNBFI).

  10) Queries regarding the DDA, its related regulations, and guidelines shall be sent via email to ACRG-FIS@bsp.gov.ph

# Court of Tax Appeals

## Court of Tax Appeals

Company P vs. Commissioner of Internal Revenue
CTA Case No. 10410, promulgated on 4 July 2025

In cases of assessment issued within the three-year ordinary period, the BIR has another three years within which to collect taxes. Moreover, the running of the prescriptive period for collection of taxes can only be suspended by a request for reinvestigation, not a request for reconsideration.

*Facts:*

Company P, a domestic corporation, executed a Waiver of the Defense of Prescription under the Statute of Limitations of the Tax Code, as amended, which extended the BIR's period to assess and/or collect until 31 December 2015. Then, the BIR issued a Final Decision on Disputed Assessment (FDDA), effectively denying Company P's protest, where it referred to the protest as a "request for reinvestigation", for failure to submit the required documents in support of its protest and/or for not having introduced any evidence to overthrow the validity of the audit findings within 60 days from the date of filing of the protest letter, and stating that the deficiency tax assessments have become final by operation of law.

*Issue:*

Has the BIR's right to collect already prescribed?

*Ruling:*

Yes, the BIR's right to collect the subject assessments had already prescribed.

Section 203 of the Tax Code, as amended, generally provides for a three-year prescriptive period within which the BIR may assess internal revenue taxes, counted from the last day prescribed by law for the filing of the return or from the day the return was filed, whichever comes later. With respect to the collection of taxes, the Supreme Court has held that in cases of assessment issued within the three-year ordinary period, the respondent has another three years within which to collect taxes. As an exception, an assessment notice may be issued beyond the ordinary three-year prescriptive period, provided, any of the circumstances enumerated under Section 222 of the Tax Code, as amended, are present. Of particular relevance to the instant case is the exception found under Section 222 (b), in relation to Section 222 (d) of the Tax Code, as amended, which governs the prescriptive period for the assessment and collection of taxes where the taxpayer and Commissioner have agreed in writing to extend the period for assessment beyond the ordinary three-year period to assess.

It is clear that where a valid waiver of the statute of limitations extending the period to assess is executed, and an assessment is issued within the extended period agreed upon, the BIR may proceed to enforce collection within the period to collect agreed upon in writing before the expiration of the five-year period, as stated under Sections 222 (b) and (d) of the Tax Code, as amended. Moreover, the period to collect, as agreed upon, may be further extended by the execution of subsequent written agreements, provided that each extension is made prior to the lapse of the period to collect previously agreed upon.

In the case at bar, Company P and the CIR executed a valid Waiver of the Defense of Prescription dated 12 August 2014. A careful examination of said Waiver reveals that the parties expressly agreed to extend the period for the assessment and/or collection of all internal revenue tax liabilities for taxable 2011 up to and until 31 December 2015.

Notably, the Formal Letter of Demand/Final Assessment Notice dated 8 June 2015 was received by Company P on 3 July 2015, well within the extended period agreed upon by the parties in the Waiver. There is no showing, however, that the CIR has initiated any action for collection either by way of distraint, levy, or a court proceeding within the agreed period. Correspondingly, the right to collect the assessed taxes by respondent or the BIR has indeed prescribed.

Contrary to the BIR's contention, the five-year period for prescription was not suspended under Section 223 of the Tax Code, as amended. The running of the statute of limitations for the collection of deficiency taxes shall be suspended, inter alia, when the taxpayer requests for a reinvestigation which is granted by the CIR or his authorized representative. It bears emphasis that the running of the prescriptive period for collection of taxes can only be suspended by a request for reinvestigation, not a request for reconsideration. Undoubtedly, a reinvestigation, which entails the reception and evaluation of additional evidence, will take more time than a reconsideration of a tax assessment, which will be limited to the evidence already at hand; this justifies why the former can suspend the running of the statute of limitations on collection of the assessed tax, while the latter cannot.

In this case, the BIR had mistakenly treated Company P's protest as a request for reinvestigation. Clearly, the letter-protest dated 10 July 2015 against the FLD/FAN filed by Company P on 21 July 2015 was a request for reconsideration. This is apparent from the repeated mention in the same letter-protest of the word "reconsidered" and "reconsideration." Thus, considering that Company P's protest was a request for reconsideration and not a request for reinvestigation, it could not have suspended the three-year prescriptive period to collect the assessed taxes.

**The City of Taguig and City Treasurer vs. Company H**
CTA EB No. 2902, promulgated on 11 July 2025

Under Section 143(h) of the Local Government Code (LGC) of 1991, the local business tax (LBT) must be computed based on the gross sales or receipts of the preceding calendar year. This is reinforced by Section 75(e) of the Taguig Revenue Code, which mandates that the LBT for contractors be based on the prior year's gross sales. Additionally, Section 82(d) of the same Code requires taxpayers to submit a sworn statement of gross sales or receipts for the preceding year, and only in the absence of such a statement may the City Treasurer assess taxes using the best available evidence.

*Facts:*

Company H, a domestic construction firm based in Taguig City, applied for the renewal of its business permit for calendar year (CY) 2016. It declared gross sales of Php10,622,400.00 for the preceding year (2015). However, due to a significant drop from its 2014 gross sales of Php127,546,461.16, the City of Taguig, through its Business Permit and Licensing Office (BPLO), assessed Company H LBT based on the 2014 figure. Company H paid the assessed amount of Php207,266.25 under protest and filed a claim for refund of Php190,004.85, asserting that the correct tax due was only Php17,261.40. The City Treasurer did not act on the claim, prompting Company H to file a case for refund with the Metropolitan Trial Court (MeTC), which ruled in its favor. The Regional Trial Court (RTC) affirmed the MeTC's decision. The City of Taguig and its Treasurer then elevated the case to the Court of Tax Appeals (CTA) En Banc.

*Issue:*

Was Company H is entitled to a refund of Php190,004.85 for overpaid LBT?

*Ruling:*

Yes.

The Court of Tax Appeals En Banc denied the petition and affirmed the lower courts' rulings, holding that Company H is entitled to a refund of Php190,004.85. The Court emphasized that under Section 143(h) of the LGC of 1991, the LBT must be computed based on the gross sales or receipts of the preceding calendar year. This is reinforced by Section 75(e) of the Taguig Revenue Code, which mandates that the LBT for contractors be based on the prior year's gross sales. Furthermore, Section 82(d) of the same Code requires taxpayers to submit a sworn statement of gross sales or receipts for the preceding year, and only in the absence of such a statement may the City Treasurer assess taxes using the best available evidence.

In this case, Company H submitted its sworn declaration of 2015 gross sales amounting to Php10,622,400. The City of Taguig's reliance on the 2014 gross sales figure, despite the availability of the 2015 declaration, was found to be without legal basis. The Court also clarified that the submission of an audited financial statement (AFS) is not a requirement under Section 82(d) for business permit renewal, especially since AFS are typically unavailable during the early part of the year. The disparity in sales was adequately explained by Company H, as resulting from a one-time land sale in 2014, which was not part of its regular business operations. Thus, the Court concluded that the City of Taguig erred in its assessment and that Company H rightfully overpaid its LBT for 2016.

**Company Q vs. Commissioner of Internal Revenue**
CTA Case No. 10996, promulgated on 7 July 2025

The BIR is mandated to perform its assessment functions in accordance with law, and strict adherence thereto, with their own rules of procedure, and always considering the basic tenets of due process. Part of the administrative due process requirement is the recognition by the BIR that the taxpayer has the right to present evidence, and thus, should be allowed to submit comments or arguments with supporting documents at each stage in the assessment process. And in case respondent or the BIR fails to observe due process, it shall have the effect of rendering the deficiency tax assessment void, and of no force and effect.

*Facts:*

On 2 October 2014, the Commissioner of Internal Revenue (CIR) issued Letter if Authority (LOA) No.

21B-2014-00000196 SN: eLA201100064051, authorizing Revenue Officer (RO) L/Group Supervisor (GS) B to examine Company Q's books of accounts and other accounting records for all internal revenue taxes, including documentary stamp tax, and other taxes, covering the period from 1 January 2013 to 31 December 2013.

On 26 May 2016, Company Q received the Preliminary Assessment Notice (PAN) containing the deficiency income tax assessment or with surcharge and interest. In the Details of Discrepancy attached to the PAN, it was alleged that the taxable year 2013 income tax assessment was issued pursuant to Sections 27 and 34(K) of the Tax Code, as amended, as implemented by Revenue Regulations (RR) No. 12-2013, and Section 4.114-2 of RR No. 16-2005.

On 6 June 2016, Company Q filed its letter, requesting for an additional 30 days therefrom to respond to the PAN.

Thereafter, the Formal Letter of Demand/Final Assessment Notice (FLD/FAN) dated 7 June 2016 from Revenue Region No. 4, containing the deficiency income tax assessment with surcharge and interest were served to Company P on 11 June 2016.

*Issue:*

Was the assessment issued against Company Q valid?

*Ruling:*

No.

The subject tax assessments are void, for violation of Company Q's right to administrative due process.

As part of due process in the issuance of tax assessments, a taxpayer is given 15 days from receipt of the PAN to file a protest or response thereto with the BIR. It is only upon the lapse of the prescribed 15-day period, without such protest or response being filed by the taxpayer within such period, that respondent may issue the corresponding FLD or FAN.

In this case, the PAN was received by Company Q on 26 May 2016. Pursuant to Section 3 of RR No. 12-99, as amended by RR No. 18-2013, Company P had 15 days or until 10 June 2016, within which to protest or respond to the said PAN. However, the CIR issued the subject FLD /FAN on 7 June 2016, before the lapse of the said 15-day period for Company Q to protest or respond ·thereto. Clearly, the FLD/ FAN was prematurely issued, depriving Company Q of the opportunity to be heard on the PAN, in violation of the due process requirement in the issuance of tax assessments.

While it may be true that Company Q was able to file the letter dated 6 June 2016 after the issuance of the said PAN, the same is of no moment. This is so because the said letter of Company Q cannot be treated as a response to PAN since the same merely contains a request for an additional 30 days to respond thereto and does not state any comment or argument against it. Simply put, Company Q was not able to exhaust the 15-day period to respond to the PAN, before the issuance of the subject FLD/FAN.

The premature issuance by respondent of the subject FLD /FAN on 7 June 2016, prior to the lapse of the 15-day period given to Company Q, within which to respond to the PAN, as mandated under Section 228 of the Tax Code, as amended, and RR No. 12-99, as amended by RR No. 18-2013, clearly establishes that the BIR utterly deprived petitioner of the opportunity to contest the PAN, and to present evidence in support thereto, when it issued the same. This clearly constitutes denial of due process as petitioner was not given the opportunity to dispute the PAN and present evidence against it, before the final assessment was issued.

In view of the invalidity of the subject tax assessments under the FLD/FAN dated 7 June 2016, and of the FDDA dated 20 June 2017, the same cannot be enforced against Company Q, and the BIR has no right to collect the subject deficiency income tax.

**Person E vs. Commissioner of Internal Revenue**
CTA Case No. 10704, promulgated on 3 July 2025

Item IV(E)(3)(B.3) of RMO No. 30-2003 states that if the taxpayer is refuting the data appearing in the LN, there must be a confirmation request/s (CR/s) on the TPI source. RMO No. 13-2012 then expounded that the RO must serve a confirmation request to the TPI source/s, and wait for five days (from service thereof), or 10 days (from mailing) before such TPI may be considered by said RO as true and correct.

*Facts:*

On 13 December 2019, Regional Director (RD) G issued Letter of Authority (LOA) No. LOA-024-2019-00001021, authorizing Revenue Officer (RO) A and Group Supervisor (GS) V of Revenue District Office No. 024-Valenzuela, to examine Person E books of accounts and other accounting records for all internal revenue taxes, for periods 1 January 2017 to 31 December 2017.

In an undated Notice of Informal Conference (NIC), Revenue District Officer (RDO) R invited Person E or his authorized representative for an informal conference at the Revenue District Officer's Office at RDO No. 024, within 15 days from receipt thereof.

On 7 December 2020, Regional Director (RD) D issued a Preliminary Assessment Notice (PAN), with Details of Discrepancies, containing the proposed deficiency Income Tax (IT), Value-Added Tax (VAT) assessments, and compromise penalties against Person E.

On 8 January 2021, Person E received RD D's Formal Letter of Demand with Details of Discrepancies, and Formal Letter of Demand/Final Assessment Notices (FLD/FAN), all dated 28 December 2020. On 27 January 2021, Person E filed his administrative protest (request for reinvestigation) against RD D's FLD/FAN.

On 16 November 2021, Person E received RD D's Final Decision on Disputed Assessment (FDDA) dated 18 October 2021.

On 15 December 2021, Person E filed a Petition for Review before the CTA.

*Issue:*

Was the assessment issued against Person E valid?

*Ruling:*

No.

For one, the BIR improperly served the LOA. RO A mentioned that the LOA was served upon Person S, petitioner's authorized representative, on 7 January 2020. Yet, what RO A professed in open court reveals otherwise. Specifically, RO A uttered that when she asked Person S for identification, the latter presented her identification card. The identification card named Company Company V as employer of Person S.

Company V is an entity, separate and distinct from Person E. It then follows that the employee of Company V like Person S, is not the employee of petitioner. A fortiori, RO A's service of the LOA to Person S does not equate to service of said LOA to Person E. Besides, assuming that Person S is petitioner's employee, the BIR failed to exhibit that Person S received the LOA, under express or implied authority from petitioner. Through these accounts, the BIR improperly served said LOA, resulting in transgression of Person E's right to due process.

RMO No. 19-201560 commands that the RO assigned to the case shall present or serve the LOA to the taxpayer or its representative in accordance with Section 3.1.6 of RR No. 12-99, as amended by RR No. 18-2013.

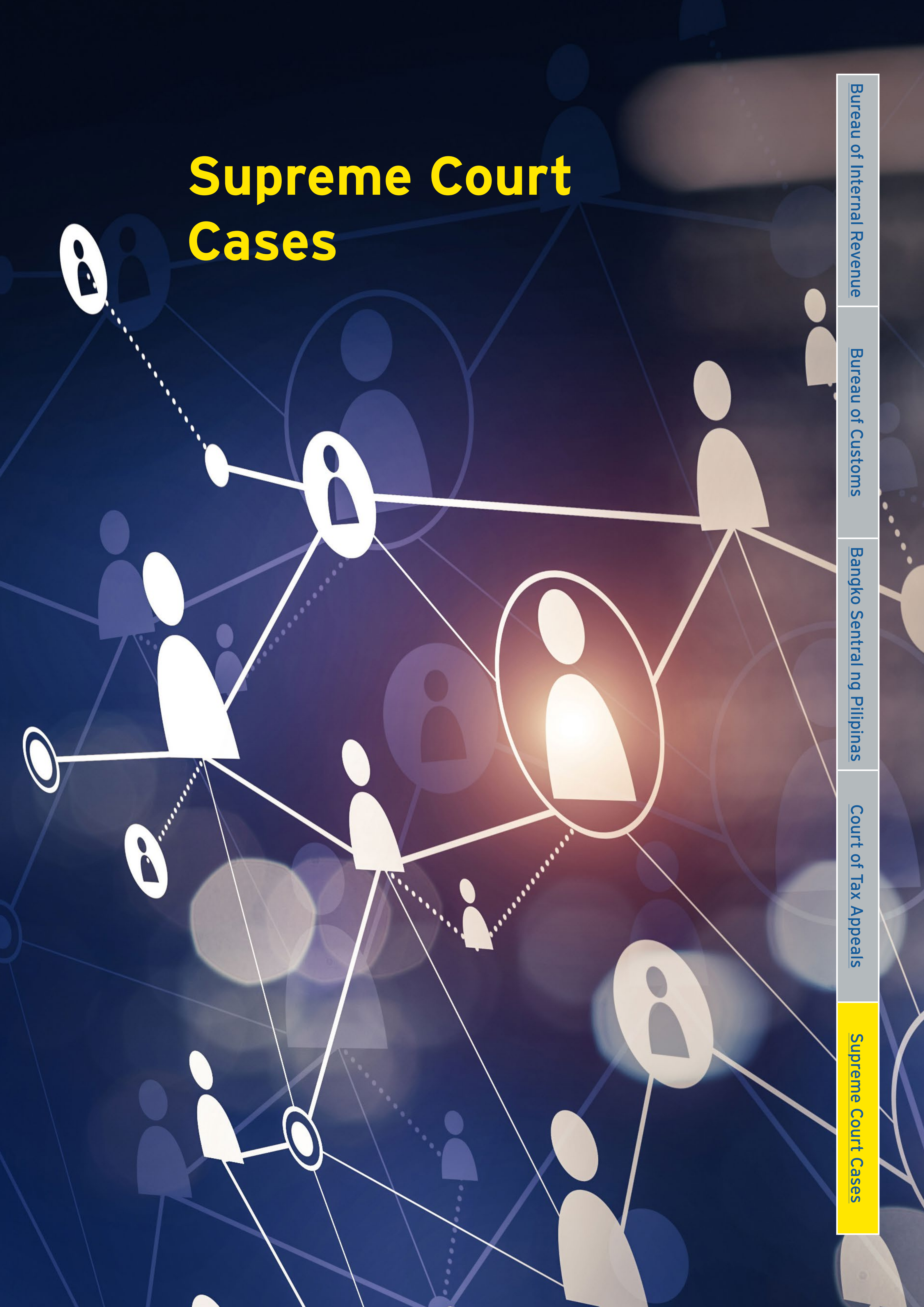
Second, the BIR' s deficiency internal revenue tax assessments for TY 2017 lack factual bases, offensive of Section 228 of the Tax Code, as amended.

Item IV(E)(3)(B.3) of RMO No. 30-2003 states that if the taxpayer is refuting the data appearing in the LN, there must be a CR/s on the TPI source. RMO No. 13-2012 then expounded that the RO must serve a confirmation request to the TPI source/s, and wait for five days (from service thereof), or 10 days (from mailing) before such TPI may be considered by said RO as true and correct. Additionally, the corresponding registry return card/ s should be presented if CR/s was served through registered mail. In reverse, if the mailing of the CR/ s to the TPI source/s does not have corresponding registry return card/ s, then the BIR should have ceased in using the TPI embodied in said CR/s.

Here, while the BIR produced the CRs and their registry receipts, the latter failed to generate their corresponding registry return cards as evidence, as required by RMO No. 13-2012 and jurisprudence. Therefore, the TPI embodied in the CRs, relied upon by the BIR to justify the deficiency internal revenue tax assessments for TY 2017, is unverified information.

Thus, the deficiency internal revenue tax assessments for TY 2017 issued against Person E are not valid due to: (1) improper service of the LOA; and (2) lack of factual bases of said tax assessments.

# Supreme Court Cases



## Supreme Court Case

**Company S and Company C vs. Commission on Audit**
Supreme Court (En Banc) G.R. No. 238846, promulgated 25 February 2025

**Company PN vs. Commission on Audit**
Supreme Court (En Banc) G.R. No. 238852, promulgated 25 February 2025

**Company T and Person N vs. Commission on Audit**
Supreme Court (En Banc) G.R. No. 238862, promulgated 25 February 2025

The 60% Government's share of the proceeds under Presidential Decree Nos. 87 and 1459 includes the Contractor's Income Taxes. Under the terms of the Service Contract, while the Contractors remain liable for income taxes, the Philippine government assumes and pays these taxes as part of its share of net proceeds.

*Facts*

Under Service Contract No. 38 executed in 1990 and under the provisions of Presidential Decree (PD) No. 87, the Republic of the Philippines granted exploration rights in the Malampaya project to Company O and Company SH, the predecessors-in-interest of Company S, Company PN, and Company C, to hasten the discovery and production of indigenous petroleum.

The Contractors assumed all exploration risks and were entitled to 40% of net proceeds, while the government was to receive 60%. The Service Contract provides that the government, through the Department of Energy (DOE), would assume and pay the contractors' income taxes from its 60% share.

In its Decision No. 2015-115 and Decision No. 2018-075, the Commission on Audit (COA) claimed that income taxes should not have been deducted from the government's share. COA demanded the Petitioners settle their back taxes under the Service Contract. The Petitioners appealed to the Supreme Court.

*Issues*

1. Does the Government's 60% share under PD Nos. 87 and 1459 include the Contractors' income taxes?
2. Is tax assumption by the Government of the contractor's income tax liabilities equivalent to tax exemption?

*Ruling*

1. **Yes. The governing laws and the service contracts include the contractor's income taxes in the Government's share of the proceeds.**

   The COA erred in ruling that the contractors' income taxes should not be included as part of the government's share in petroleum service contracts. PD No. 87 [Section 18(b)] explicitly states that the government's annual net revenue or share, *including all taxes paid by or on behalf of the contractor*, must not be less than 60% of the net proceeds (gross income minus operating expenses and incentives). PD No. 1206 [Section 12(a)(i)(2)] reiterates the same provision, emphasizing that the government's share includes all taxes paid by or on behalf of the contractor. In addition, PD No. 1459 [Section 1(a)] confirms that the Government's share, including all taxes, must not fall below 60% of the net proceeds.

   All the above-stated laws clearly and unambiguously state that the Government's share includes all taxes. The term "including" is interpreted in its plain and ordinary meaning: to comprise or take in as part of a whole. Therefore, income taxes paid by or on behalf of contractors are part of the government's share. The government assumes the obligation to pay these taxes, which are effectively treated as part of its guaranteed minimum share.

2. **No, tax assumption by the Government of the Contractor's income tax is not the same as tax exemption.**

   The COA incorrectly equated tax assumption with tax exemption, claiming it infringes on the government's taxing power. Tax exemption means freedom from tax liability, requiring clear legal authority and Congressional concurrence. It is strictly construed against the taxpayer and liberally in favor of the government. Tax assumption, on the other hand, means the tax liability remains, but another party, i.e., the Government, assumes the obligation to pay it. It does not eliminate the liability but only shifts the burden of payment.

   The Supreme Court has previously ruled that tax assumption clauses do not violate constitutional limits on tax exemptions. Under tax assumption, the government assumed taxes on behalf of contractors, but the contractors remained the actual taxpayers.

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The deadlines and timelines mentioned in this Tax and Regulatory Bulletin are pursuant to our understanding of the existing administrative issuances of the BIR as of the date of writing.