



**AFTER TRAIN &
CREATE,**

WHAT'S NEXT?

Updates from the BIR



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**SETTLEMENT OF
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01

TRAIN LAW

2023 UPDATES



INCOME TAX UPDATE

EFFECTIVE JANUARY 1, 2018 TO DECEMBER 31, 2022:

Revised Withholding Income Tax Table (effective from 2018-2022)

<i>ANNUAL INCOME</i>	<i>TAX RATE</i>
₱250,000 and Below	None (0%)
> ₱250,000 to ₱400,000	20% of excess over ₱250,000
> ₱400,000 to ₱800,000	₱30,000 + 25% of excess over ₱400,000
> ₱800,000 to ₱2,000,000	₱130,000 + 30% of excess over ₱800,000
> ₱2,000,000 to ₱8,000,000	₱490,000 + 32% of excess over ₱2,000,000
Above ₱8,000,000	₱2.41 million + 35% of excess over ₱8 million



INCOME TAX UPDATE

EFFECTIVE JANUARY 1, 2023 AND ONWARDS:

RANGE OF INCOME TAX TABLE		TAX DUE = a+ (b x c)		
OVER	NOT OVER	BASIC AMOUNT (a)	ADDITIONAL RATE (b)	OF EXCESS OVER (c)
-	250,000.00	-		-
250,000.00	400,000.00	-	15%	250,000.00
400,000.00	800,000.00	22,500.00	20%	400,000.00
800,000.00	2,000,000.00	102,500.00	25%	800,000.00
2,000,000.00	8,000,000.00	402,500.00	30%	2,000,000.00
8,000,000.00	-	2,202,500.00	35%	8,000,000.00

SEC 3(A) of RR 8-2018





02

CREATE LAW

2023 UPDATES

BEG. JULY 1, 2023

PERCENTAGE TAX

**-Tax Rate returns to
original rate of 3%**



GOVERNMENT MONEY PAYMENTS

**-Withholding Tax Rate Returns to
Original Rate of 3%/5% (BIR Forms 1600-
VT and 1600-PT)**



03

SETTLEMENT OF OPEN CASES



STOP FILER CASES

- When a person/entity registers with the BIR for the first time, the tax types to be registered for the National Government Agencies (NGAs) and/or LGUs shall only be those pertinent to withholding taxes.
- It is such tax type which determines the specific tax returns a taxpayer is required to file once he/she/it is registered with the BIR.

STOP FILER CASES

- Under Revenue Memorandum Order 041-11, an open case refers to a case created by the Returns Compliance System of the BIR in a situation where a registered taxpayer has been identified by the BIR's system to have failed to file the required tax return within the prescribed due date.

STOP FILER CASES

As of May 31, 2023, the total number of stop filer cases for NGAs, LGUs including barangays registered under the jurisdiction of Revenue District 105- Surigao City alone is **21,680 cases.**

STOP FILER CASES

➤ **How does one close an open case?**


1. Secure a list of the open cases from the BIR to determine what returns under the system the taxpayer allegedly failed to file.
2. Upon identification of the said returns, the taxpayer should proceed to check his records and check whether indeed he failed to file the said returns. If he was able to file the same, he should prepare a copy of such returns which must have a receiving/filing annotation from the BIR that the said return was indeed filed, and proceed to submit them to the BIR.

STOP FILER CASES

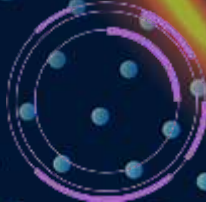

- The BIR will proceed to close an open case in the system once it verifies that the returns for the said open cases had indeed been filed.
3. Where the taxpayer discovers that he has indeed not filed the said returns, the taxpayer must, in order to close the open cases, prepare a return corresponding to the one which was not filed and proceed to pay the corresponding penalty provided under Revenue Memorandum Order 7-2015.

STOP FILER CASES

- Note that the minimum amount of compromise penalty to be imposed for failure to make/file/submit any return or supply correct information at the time or times required by law or regulation is **P1,000**, the amount to be increased depending on the gross sales, earnings or receipts to be declared in the subject returns. Hence, if a taxpayer is not aware of the returns he/she/it is required to file under the law, the open cases can accumulate and so will the penalty due in order to close the same.



**REITERATING THE PROPER TIME OF REMITTANCE
OF WITHHOLDING TAXES BY NATIONAL
GOVERNMENT AGENCIES AND
INSTRUMENTALITIES, LOCAL GOVERNMENT UNITS
AND GOVERNMENT OWNED AND CONTROLLED
CORPORATIONS (RMC 47-2023)**



Legal Basis Governing Withholding Taxes:

Republic Act 10963 – Tax Reform for Acceleration & Inclusion (TRAIN)*

Republic Act 8424 – Tax Reform Act of 1997

Section 57 of the NIRC – Withholding of Tax at Source

Revenue Regulation 11-2018*

Withholding Tax on Government Money Payments (GMP)

is the tax withheld by National Government Agencies (NGAs) and instrumentalities, including government-owned and controlled corporations (GOCCs) and local government units (LGUs), before making any payments to VAT and non-VAT registered taxpayers/suppliers/payees.

Time of Withholding (RR 12-2001)

Section 4. Time of Withholding - *The obligation of the payor to deduct and withhold the tax under Section 2.57 of these Regulations arises at the time an income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever is applicable, in the payor's books, whichever comes first. The term "payable" refers to the date the obligation becomes due, demandable or legally enforceable.*

Time of Withholding (RR 12-2001)

Provided, however, that where income is not yet paid or payable but the same has been recorded as an expense or asset, whichever is applicable, in the payor's books, the obligation to withhold shall arise in the last month of the return period in which the same is claimed as an expense or amortized for tax purposes.

WITHHOLDING OF TAXES – WHEN TO FILE

The Monthly Remittance Form shall be filed and paid every tenth (10th) day of the following month when the withholding is made regardless of the amount withheld.

The Quarterly Withholding Tax Return shall be filed and paid not later than the last day of the month following the close of the quarter.

WA with ZERO REMITTANCE are still required to file using the same form.

Where to file?

Taxpayers mandated to electronically file and pay shall use the BIR's electronic system, while those not mandated has the option to either use the said electronic system, or file with the Authorized Agent Banks (AABs) under the jurisdiction of the RDO where they are registered.

WITHHOLDING TAX RATES

Income payments made to local resident suppliers of :

Goods - One percent (1%)
Services- Two Percent (2%)

Payments made to local suppliers:

Value-Added Tax suppliers - Five Percent (5%)
Percentage Tax Suppliers -Three Percent (1%)***

*****Effective July 1, 2023, percentage tax rate shall revert to its regular tax rate of 3%.**

PENALTY PROVISION

In case of non compliance with their obligation as withholding agents the persons mentioned shall be liable for the following sanctions:

Failure of a Withholding Agent to Collect and Remit Tax

- Liable amount equal to the amount of tax not withheld or remitted. (NIRC, Section 251)

PENALTY PROVISION

Failure to File Return, Supply Correct Information, Pay Tax Withhold and Remit Tax and Refund Tax withheld on Compensation

- Be punished by a fine of not less than P10,000.00 and suffer and imprisonment of not less than 1 year but not more than 10 years. (NIRC, Section 255)

SPECIAL PROJECTS



DX PROGRAM



A person wearing a VR headset is shown in profile, interacting with a futuristic digital interface. The interface features various data visualization elements such as circular gauges, bar charts, and a central 3D globe. The background is a dark blue and purple grid pattern. In the top left corner, there is a circular icon with concentric lines. In the bottom left corner, there are three overlapping rectangular shapes in shades of blue and purple.

BIR DIGITAL TRANSFORMATION (DX) PROGRAM

E-ONETT SYSTEM



RMC No. 10-2023

- **WHAT ARE THE TRANSACTIONS COVERED?**
 - Sale of real property classified as capital asset/ordinary asset.
 - Donation of real property.
- **WHO WILL USE?**
 - Buyer/seller of Real Property(ies)
 - Real estate developer



THANKS!

Do you have any
questions?

