

TAX REMINDERS ON

JOB ORDER AND SERVICE CONTRACT AGREEMENTS

PHILIPPINE ASSOCIATION OF LOCAL GOVERNMENT ACCOUNTANTS
15 MARCH 2023

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TAX REMINDERS

JOB ORDER

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JOB ORDER

16 March 2023

PERTINENT ISSUANCES

- ❑ **RMC No. 130-2016** - *Clarification on the Tax Treatment and Appropriate Withholding Taxes on Income Payments by Departments and Agencies of the Government, Including Government-Owned and/or -Controlled Corporations and Government Financial Institutions to Individuals Engaged under a Job Order or Contract of Service Arrangement*

PERTINENT ISSUANCES

- ❑ **RMC No. 69-2017** - Registration and Compliance Requirements of Individuals under Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, Local Government Units (LGUs), State Colleges and Universities, including the Government-Owned and/or -Controlled Corporations (GOCCs) and Government Financial Institutions

PERTINENT ISSUANCES

- ❑ **RMC No. 051-2018** - *Amending RMC No. 69-2017*

COVERED TAXPAYERS

Individuals under a:

- (i) *Job Order (JO)*; or
- (ii) *Service Contract Agreement (SCA)*

with the Departments and Agencies of the Government, Instrumentalities, LGUs, State Colleges and Universities, including GOCCs and GFIs.

CLASSIFICATION OF JO/SCA

1. *Professional* – refers to those individuals enumerated under *Section 2.57.2 (A) (1) of RR No. 2-98*, as amended and as defined under *Section 2 (n) of RR No. 8-2018*.
2. *Other Service Providers or Supplier of Services* – shall refer to those individuals who are not identified under *Section 2.57.2 (A) (1) of RR No. 2-98* and who render services or labor-only for a fee or under a contract for service.

CATEGORIES OF JO/SCA

Professionals and Other Suppliers of Services hired under JO/SCA with:

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
A	P250,000 pesos AND BELOW	SINGLE/LONE	NONE
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE
C	ABOVE P3 MILLION PESOS	SINGLE/LONE	NONE
D	REGARDLESS OF AMOUNT	MULTIPLE	WITH OTHER SOURCE OF INCOME

REGISTRATION AND COMPLIANCE REQUIREMENTS JO/SCA

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
A	P250,000 pesos AND BELOW	SINGLE/LONE	NONE
REGISTRATION REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS	REQUIREMENTS		
1. Register with the BIR using BIR Form No. 1901	<p>Accomplished BIR Form No. 1901</p> <p>Tax Identification Number (personal), if none, to be issued by the BIR</p> <p>Business name: Individual Name - Job Order</p> <p>Taxpayer type: Professional</p> <p>Copy of contract of service showing the amount of income payment (P250,000 and below)</p> <p>Any proof of identification, that shows the name, address and birthdate of the applicant, e.g., Birth Certificate, passport, driver's license, Community Tax Certificate, national ID, etc.</p>		

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
A	P250,000 pesos AND BELOW	SINGLE/LONE	NONE
REGISTRATION REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
<p>2. Pay the annual registration fee (ARF). This is subject to renewal January 31st of the year. ARF = P500.00</p> <p>3. Register the tax type: (1) Income Tax; (2) Percentage Tax; (3) Registration Fee (RF)</p> <p>4. Certificate of Registration (BIR Form No. 2303) - EXEMPT. The BIR will not issue COR to JO upon registration. Submit the BIR Form No. 0605 and copy of 1901, in lieu of BIR Form No. 2303</p>			

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
A	P250,000 pesos AND BELOW	SINGLE/LONE	NONE
BOOKKEEPING AND INVOICING REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
1. Issuance of registered receipts/invoices - EXEMPT			
2. Registration and maintenance of books - EXEMPT			
TAX COMPLIANCE REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
1. Filing of Annual ITR - NOT EXEMPT			
2. Filing of Quarterly ITR - EXEMPT			

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
A	P250,000 pesos AND BELOW	SINGLE/LONE	NONE
TAX COMPLIANCE REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
3. Creditable withholding taxes - EXEMPT			
4. Filing and payment quarterly PT and withholding of PT, subject to the following conditions			
<input type="checkbox"/> Opted the graduated ITX rates - file and pay PT			
<input type="checkbox"/> Opted the 8% ITX rate - Exempted, subject to submission of Sworn Declaration (Annex "A1"), together with BIR Form No. 1901 or copy of BIR Form No. 0605.			
<i>Note: availment of 8% ITX must be signified first, e.g., upon registration, updating of registration (BIR Form 1905) or first quarter filing of PT</i>			

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE

REGISTRATION REQUIREMENTS

PROFESSIONALS/OTHER SERVICE PROVIDERS	REQUIREMENTS
1. Register with the BIR using BIR Form No. 1901	<p>Accomplished BIR Form No. 1901</p> <p>Tax Identification Number (personal), if none, to be issued by the BIR.</p> <p>Business name: Individual Name - Job Order; Taxpayer type: Professional</p> <p>Copy of contract of service showing the amount of income payment (P250,000 and below)</p> <p>Any proof of identification, that shows the name, address and birthdate of the applicant, e.g., Birth Certificate, passport, driver's license, Community Tax Certificate, national ID, etc.</p>

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE

REGISTRATION REQUIREMENTS

PROFESSIONALS/OTHER SERVICE PROVIDERS	
2.	Pay the annual registration fee (ARF). This is subject to renewal January 31 st of the year. ARF = P500.00
3.	Register the tax type: (1) Income Tax; (2) Percentage Tax or VAT (optional); (3) Registration Fee (RF)
4.	Certificate of Registration (BIR Form No. 2303) - NOT EXEMPT. This shall be issued by the BIR and shall be furnished to the lone payor

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE

REGISTRATION REQUIREMENTS

PROFESSIONALS/OTHER SERVICE PROVIDERS

Notes:

- (1) *For VAT taxpayers:*
 - ✓ End date the Form Type 2550M/2550Q if taxpayer will avail of substituted VAT return.
- (2) *For NONVAT taxpayers:*
 - ✓ End date the Form Type 2551Q if:
 - i. taxpayer will avail of substituted percentage tax return; or
 - ii. the eight percent (8%) income tax rate.

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE

BOOKKEEPING AND INVOICING REQUIREMENTS

PROFESSIONALS/OTHER SERVICE PROVIDERS

1. Apply for ATP for the issuance of receipts, *except if qualified for substituted filing*
2. Register and maintain of books of accounts (*e.g., simplified bookkeeping set-up*)

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE

TAX COMPLIANCE REQUIREMENTS

PROFESSIONALS/OTHER SERVICE PROVIDERS

1. Filing and payment of Annual ITR (BIR Form No. 1701)
2. Filing and payment Quarterly ITR (BIR Form No. 1701Q)
3. Attaching financial statements to the filed ITR, if applicable, *except, if qualified and availed of the option to be taxed at 8% income tax rate;*

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE

TAX COMPLIANCE REQUIREMENTS

PROFESSIONALS/OTHER SERVICE PROVIDERS

4. Subject to creditable withholding tax rates of:
 - Professionals - 5%/10% EWT, depending on w/n the payee submits sworn declaration of his/her gross receipts together with COR. Apply the 10% if no sworn or VAT registered, regardless of the amount*
 - For other supplier of services:*
 - 2% EWT – if the payee submits sworn declaration;
 - 10% EWT – if the payee failed to provide the lone income payor/withholding agent of Income Payee's Sworn Declaration of his/her gross receipts/sales; or if the payee is VAT-registered regardless of amount of gross receipts/sales;

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE
TAX COMPLIANCE REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
<p>4. Subject to withholding of VAT or PT:</p> <ul style="list-style-type: none"> <input type="checkbox"/> 3%/1% PT or 5% VAT; <input type="checkbox"/> 12% VAT if the payee availed of substituted filing <input type="checkbox"/> No withholding of PT if the payee availed of the 8% ITX 			

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
B	ABOVE P250,000 pesos but not exceeding P3 MILLION PESOS	SINGLE/LONE	NONE
TAX COMPLIANCE REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
<p>5. Filing and payment of quarterly VAT or PT, except if the payee availed of substituted filing for VAT or 8% income tax, in case of PT.</p> <ul style="list-style-type: none"> <input type="checkbox"/> 3%/1% PT or 5% VAT; <input type="checkbox"/> 12% VAT if the payee availed of substituted filing <input type="checkbox"/> No withholding of PT if the payee availed of the 8% ITX 			

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
C	ABOVE P3 MILLION PESOS	SINGLE/LONE	NONE
TAX COMPLIANCE REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
<ul style="list-style-type: none"> ✓ Same registration, invoicing and bookkeeping and tax compliance requirements as those taxpayers that fall under category "B", except for PT and 8% ITX. ✓ Those that fall under "C" category is subject to VAT and not allowed to avail of the 8% ITX 			

	ANNUAL GROSS RECEIPTS	PAYOR	OTHER SOURCE OF INCOME
D	REGARDLESS OF AMOUNT	MULTIPLE	WITH OTHER SOURCE OF INCOME
TAX COMPLIANCE REQUIREMENTS			
PROFESSIONALS/OTHER SERVICE PROVIDERS			
<ul style="list-style-type: none"> ✓ Same registration, invoicing and bookkeeping and tax compliance requirements as those taxpayers that fall under category "B/C", except for registered business name - <i>"Job Order" should be removed, and all requirements for business registration shall be complied with, and contract of service</i> ✓ Those that fall under D are also required to attach and submit SLS/SLP 			

Individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government Instrumentalities, LGUs, State Colleges and Universities, including the GOCCs and GFI	Registration Fee (RF) /Annual RF	COR	Percentage / VAT	Bookkeeping	Invoicing	1701 ITR	1701Q	2651Q/2650M/ 2550Q	Expanded Withholding Tax		Business Tax	
									Gross Income < 3,000,000	Gross Income ^ 3,000,000	Percentage Tax	VAT
Professionals and Other Supplier of Services deriving gross receipts of P250,000 and below in any 12-month period from <i>lone payor</i>	✓	X	✓*	X	X	✓	X	✓	X	X	3%	X
Other Supplier of Services deriving gross receipts above P250,000 in any 12-month from <i>lone payor</i>	✓	✓	✓*	✓	✓*	✓	✓	✓*	2% or 10%**	10%	3%	5% or 12%
Professionals deriving gross receipts above P250,000 in any 12-month period from <i>lone payor</i>	✓	✓	✓*	✓	✓*	✓	✓	✓*	5% or 10%**	10%	3%	5% or 12%
Other Supplier of Services receiving income from <i>multiple payor</i> and/or other source of income	✓	✓	✓	✓	✓	✓	✓	✓	2% or 10%**	10%	3%	5%
Professionals receiving income from <i>multiple payor</i> and/or other source of income	✓	✓	✓	✓	✓	✓	✓	✓	5% or 10%**	10%	3%	5%

NON-IMPOSITION OF 25% SURCHARGE

16 March 2023

RMC 43-2022 - Non-imposition of 25% Surcharge on the Amended Returns

- ❑ When subject to 25% Surcharge?
 - Failure to file any return and pay the tax due thereon;
 - Wrong venue;
 - Failure to pay the deficiency tax within the time prescribed;
 - Failure to pay the full or part of the amount on any return required to be filed.

NON-IMPOSITION OF 25% SURCHARGE

- ❑ When NOT subject to 25% Surcharge:
 - **AMENDMENT** of tax return when the taxpayer was able to file the initial tax return on or before the prescribed deadline;
 - However, 25% shall be imposed on a tax deficiency if the particular tax return being audited was found to have been filed beyond the prescribed due date.

VAT FILING

REVENUE MEMORANDUM CIRCULAR NO. 5 -2023

SUBJECT: Providing Transitory Provisions for the Implementation of the Quarterly Filing of VAT Returns Starting January 1, 2023 Pursuant to Section 114(A) of the National Internal Revenue Code of 1997 (Tax Code), as Amended by Republic Act (R.A.) No. 10963, Otherwise Known as the "Tax Reform for Acceleration or Inclusion" or the "TRAIN Law"

TO : All Internal Revenue Officers and Others Concerned

This is in line with Section 37 of R.A. No. 10963 or the "TRAIN Law," amending certain provisions of Section 114(A) of the Tax Code of 1997, as amended, and as implemented under Section 4-114-1(A) of Revenue Regulations (RR) No. 13-2018, which provided that "beginning January 1, 2023, the filing and payment required under this Subsection shall be done within twenty-five (25) days following the close of each taxable quarter." In this regard, VAT-registered taxpayers are no longer required to file the Monthly Value-Added Tax Declaration (BIR Form No. 2550M) for transactions starting January 1, 2023 but will instead file the corresponding Quarterly Value-Added Tax Return (BIR Form No. 2550Q) within twenty-five (25) days following the close of each taxable quarter when the transaction transpired.

-END-

Thank you!