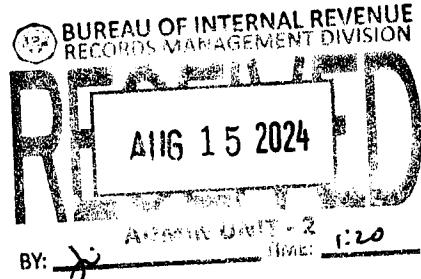




Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City



May 3, 2024

REVENUE REGULATIONS NO. 0 1 5 - 2 0 2 4

SUBJECT: Prescribing Policies and Guidelines in the Mandatory Registration of Persons Engaged in Business and Administrative Sanctions and Criminal Liabilities for Non-Registration

TO: All Internal Revenue Officials, Employees and Others Concerned

SECTION 1. Scope. – Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), these Regulations are hereby promulgated to prescribe guidelines, procedures, and requirements for the implementation of the mandatory registration of persons engaged in business, including brick-and-mortar stores and online trade or business pursuant to Sections 236(A) of the Tax Code and Republic Act No. 11967, otherwise known as the Internet Transactions Act of 2023.¹

SECTION 2. Background. – Section 236(A) of the Tax Code, provides that every person subject to any internal revenue tax shall register once, either electronically or manually, with the Bureau of Internal Revenue (BIR):

- a. Within ten (10) days from date of employment; or
- b. On or before the commencement of business; or
- c. Before payment of any tax due; or
- d. Upon filing of a return, statement or declaration as required under the Tax Code.

Consequently, any person who is engaged in any trade or business in the Philippines and fails to register the same with the BIR shall be administratively and criminally liable for fines and penalties.² Also, any person who willfully aids or abets in the commission of a crime penalized under the Tax Code or who causes the commission of any such offense by another shall be liable in the same manner as the principal pursuant to Section 253 (b) of the Tax Code.

¹ An Act of Protecting Online Consumers and Merchants Engaged in Internet Transactions, Creating For this Purpose The Electronic Commerce Bureau, Appropriating Funds Thereof, and For Other Purposes, otherwise known as the Internet Transactions Act of 2023, December 5, 2023.

² Sections 115(b), 236(A), 258 and 275 of the Tax Code;

In case of associations, partnerships or corporations, the penalty shall be imposed on the partner, president, general manager, branch manager, treasurer, officer-in-charge, and employees responsible for the violation.

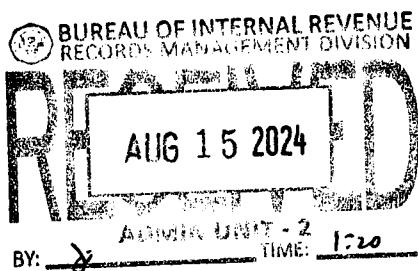
In addition, it has been observed that there have been proliferation of online businesses and activities in the Philippines. Hence, the Internet Transactions Act of 2023 was issued, which provides that in order to build trust in e-commerce and to protect and uphold the interest of consumers at all times, persons engaged in online trade or business shall observe and comply with the policies, laws and regulations in the countries where their goods and services are marketed, which necessarily includes, the registration of online trade or business with the BIR, filing of proper tax returns and payment of applicable internal revenue taxes.

SECTION 3. *Coverage.* – These Regulations shall cover persons, whether natural or juridical, who are engaged in the following trade or business in the Philippines:

- a. Sale and/or lease of goods and services through brick-and-mortar stores;
- b. E-commerce or online businesses, whether formal or informal, including, but not limited to sale, procurement, or availment of physical or digital goods (including virtual items in online games), digital content/products, digital financial services, entertainment services, travel services, transport and delivery services, and educational services, social commerce, on-demand labor and repair services, and property and space rentals;
- c. Operation of digital platforms, including e-marketplace platforms;
- d. Sale and/or lease of goods and services through digital platforms;
- e. Digital content creation and streaming that are income generating including, but not limited to, online advertising, blogging/vlogging, subscription or commission;
- f. E-retailing of goods and services;
- g. Sale of creative or professional services, on-demand or freelance services or digital services supplied over the internet; and
- h. Other forms of businesses other than those mentioned above which are conducted online.

SECTION 4. *Definition of Terms.* – In applying the provisions of these Regulations, the following terms shall be defined as follows:

- a) “**Business Operations**” refers to any act of engaging in commerce in any form, whether online or not, including, but not limited to, acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.



b) ***Brick-and-Mortar Stores*** refers to physical retail establishments, operating from a fixed location, where consumers/customers can visit in person to purchase and/or lease goods and/or services.

c) “***Closure/Take Down Order***” refers to the order issued by the Commissioner of Internal Revenue (CIR) or his/her duly authorized representative to: (i) physically close the doors or other means of ingress/egress of the establishment, and the sealing thereof, with the appropriate security devices (padlocks, etc.) and the BIR’s official seal; or (ii) take down or restrict the usage of the website, webpage, account, page, platform, or application used in the conduct of trade or business in order to prohibit covered persons from selling, posting, listing or offering goods and/or services for sale and/or lease.

d) “***Content Creation***” refers to the business of publishing or producing entertaining (e.g. live streamers, online game streamers, vloggers, etc.) or educational content or material for digital channels such as websites, social media and video platforms or through any medium or channel for subscription, for a fee or for free but receiving payment or generates revenue from their content or monetizing their personal brand.

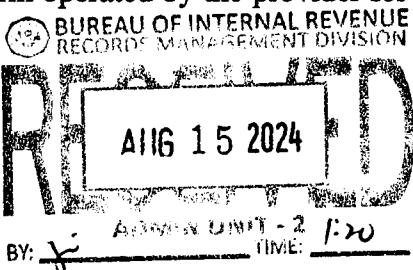
e) “***Digital content/product***” refers to data which is produced and supplied in electronic form, such as data that is digitally broadcasted, streamed or contained in computer files.

f) “***Digital financial services***” refer to services of a financial nature that are made available to the public through the internet, including banking services, insurance and insurance-related services, payment and money transmission services, remittance services, lending services, investment services, and other similar or related services.

g) “***Digital Platforms***” refer to information and communication technology-enabled mechanisms that connect and integrate producers and users in online environments where goods and services are requested, developed, and sold and data is generated and exchanged such as, but not limited to, e-commerce, digital financial services, food delivery, transport, travel, education, healthcare, and logistics.

h) “***Digital services***” refer to services that are delivered and accessed using digital infrastructure or based on communications and information technology, which encompasses the services of e-market, web search and/or cloud computing.

i) “***Educational service***” refers to services designed to promote, impart, share, source, or review knowledge, and to those intended to assist, facilitate, or improve learning, through an online platform, application, website, webpage, social media account, or other similar platform operated by the provider for profit, regardless of whether the provider is authorized



to engage in e-Commerce in the Philippines. It covers four categories: Primary education services, Secondary education services, Tertiary education services, and Adult education.

j) "**E-marketplace**" refers to digital platforms whose business is to connect online consumers with online merchants, facilitate and conclude the sales, process the payment of the products, goods, or services through the platform, or facilitate the shipment of goods or provide logistic services and post-purchase support within such platforms, and otherwise retains oversight over the consummation of the transaction. These shall include social media marketplaces or other platforms insofar as they retain oversight over the consummation of the transaction.

k) "**E-retailing**" refers to selling goods or services directly to online consumers primarily through internet via application, webpage, or its own website.

l) "**Facility**" may include but not be limited to place of production, showroom, warehouse, storage place, garage, bus terminal, or real property for lease with no sales activity.

m) "**Lessor**" refers to any person, whether natural or juridical, who owns or controls the commercial space and leases it out to another party, which is the lessee.

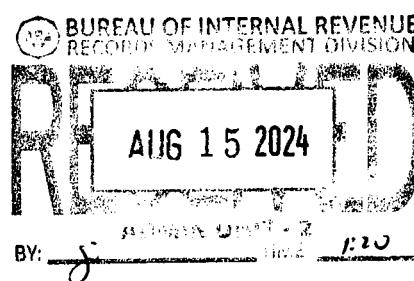
n) "**Lessee**" refers to any person who rents or leases commercial space from the property owner or lessor.

o) "**On-demand Services**" refer to services that are available whenever a customer requests them, rather than being provided on a fixed schedule such as, but not limited to, ride-sharing, food delivery, grocery delivery, home services (like cleaning or repairs), and streaming entertainment.

p) "**Online Advertising Services**" refers to online or web-advertising services (e.g. banner ad, sidebar ad and pop-up ad) or sale of advertising space or time.

q) "**Online business**" refers to any commercial activity over the internet, whether buying or selling goods and/or services directly to consumers or through a digital platform, or any business that facilitates commercial transactions over the internet between businesses and consumers. Online businesses shall include e-commerce platforms, e-marketplace, online sellers/merchants and e-retailers.

r) "**Online Freelance Services**" refer to work or services provided by individuals who are self-employed (freelancer) and offer their skills, expertise, or services to clients through digital platforms or online channels.



s) "***Online travel services***" refer to services that facilitate the reservation, purchase or discounting of flights, hotel accommodations, and vacation rental spaces, through an online platform, application, website, webpage, social media account, or other similar platform operated by the provider, regardless of whether the provider is authorized to engage in e-commerce in the Philippines.

t) "***Online Sellers or Merchants***" refer to a person selling non-financial goods or services to online consumers through an e-marketplace or third-party digital platform. An e-retailer shall also be considered an online merchant if it offers the same goods or services outside its own website through a third-party digital platform and the online consumer purchases, leases, subscribes to, or obtains the service of the e-retailer through the said third-party platform.

u) "***Social Commerce***" refers to a segment of e-commerce in which merchants or individuals sell goods, products, services or receive monetization in cash, directly through social media platforms or social networks.

v) "***Store Name***" refers to a primary identifier for the seller's brand or business within the website, webpage, account, page, platform or application.

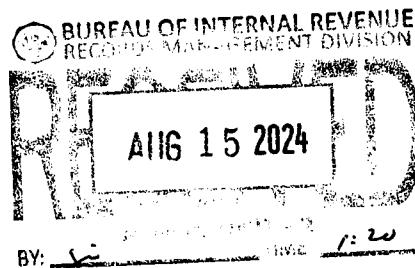
w) "***Trade or business***" refers to any activity carried on for the production of income or profit from selling and/or leasing of goods or properties, and/or performing services.

x) "***Transport and Delivery Services***" refer to the delivery services of food, goods or other merchandise, or of personal transport services and other courier services, contracted through an online platform, application, website, webpage, social media account, or other similar platform operated by the provider, regardless of whether the provider is authorized to engage in e-commerce in the Philippines.

y) "***Virtual Items in Online Games***" refers to goods or items played/used over an internet online application or computer network that allows single and/or multiple players to interact simultaneously in real time and form social communities within a game environment.

SECTION 5. Registration. – All persons covered by these Regulations shall register with the BIR following the guidelines set forth under the Tax Code and relevant revenue issuances. Failure to register shall be subject to administrative penalties and criminal liabilities provided hereunder. The following guidelines shall be adhered to:

a) A person engaged in the sale and/or lease of goods and services through Brick-and-Mortar Stores shall register its head office at the BIR district office having jurisdiction over the place of business address. Meanwhile, any branch and/or facility shall be registered with



the BIR district office having jurisdiction over the place of business address or location of the branch and/or facility.

b) A person operating, maintaining or setting up an online presence (within the context of these Regulations) or an online store for its Brick-and-Mortar Store shall register its Store Name with the BIR as an additional “business name” attached to the head office or branch managing or operating the said online store or business, and shall not be registered as branch.

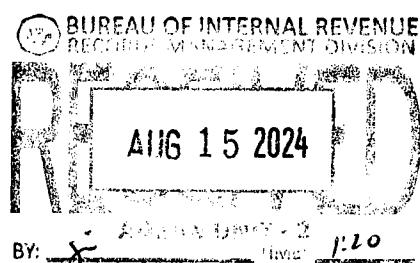
c) A person engaged in the sale and/or lease of goods and services through website, webpage, page, platform or application who do not have a Brick-and-Mortar Store shall register at the BIR district office having jurisdiction over the place of residence for individuals or principal place of business registered with the Securities and Exchange Commission (SEC) for juridical entities.

SECTION 6. *Posting of Certificate of Registration.* – All registered persons covered by these Regulations shall post or exhibit their original Certificate of Registration (COR)/ Electronic Certificate of Registration (eCOR) at the place where the business is conducted and at each branch and/or facility in a way that is clearly and easily visible to the public. In case of a peddler or other persons not having a fixed place of business, the COR/eCOR shall be kept in the possession of the holder thereof or at the place of residence or at the head office’s address, if applicable, subject to production upon demand of any internal revenue officer.

SECTION 7. *Posting of Proof of Registration on Online Websites, E-Commerce or E-Marketplace Seller/Merchant’s Page and other Platforms.* – All covered persons operating a business through a website, social media or any digital or electronic means, shall display conspicuously the electronic copy of the BIR COR/eCOR on their website, webpage, account, page, platform or application. The displayed proof of registration shall be (at all times) easily accessible and visible to buyers or customers visiting the seller or lessor’s webpage, account, page, platform or application.

SECTION 8. *Suspension of Business Operations.* – The CIR or his/her duly authorized representative shall, upon verification that any covered person doing business in the Philippines but fails to register as required under these Regulations, has the authority to issue a Closure/Take Down Order to close the business operations of such covered persons engaged in business.

The closure of business operations under a duly approved Closure/Take Down Order shall not preclude the BIR from filing the appropriate charges, if evidence so warrants, against the person concerned, or in the case of corporate taxpayers, against the responsible officers of the corporation, under the Run After Tax Evaders (RATE) Program of the BIR.



BY: *[Signature]*

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SECTION 9. Duration of Closure/Take Down Order. – The Closure/Take Down Order shall not be less than five (5) days and shall be lifted only upon compliance with the requirements stated in Section 5 of these Regulations and as may be further prescribed by the CIR or his/her duly authorized representative/s in the Closure/Take Down Order.

SECTION 10. Lifting of the Closure/Take Down Order. – The Closure/Take Down Order shall only be lifted if the BIR has validated that the violation/s stated in the Closure/Takedown Order have been rectified and the person has complied with all the requirements as may be prescribed by the CIR or any of his/her duly authorized representative/s following the procedure under the existing laws, rules and regulations.

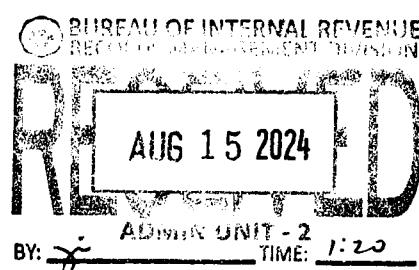
SECTION 11. Responsibility of Lessors, Digital Platforms, including E-marketplaces. - Lessors, sub-lessors of commercial establishments/buildings/space, and operators of digital platform, including e-marketplace platforms, shall ensure that all their respective lessees and online sellers or merchants are duly registered with the BIR, with Taxpayer Identification Number, and duly compliant with the invoicing requirements and in accordance with Sections 236, 237 and 238 of the Tax Code.

Failure to enact, or strictly enforce internal mechanisms or rules to prohibit lessees and online sellers or merchants without the required BIR COR/eCOR from further selling, posting, listing, or offering goods and/or services in their respective Brick-and-Mortar Stores, website, webpage, account, application, and digital platforms, including e-marketplaces, shall be construed as an act of aiding or abetting in the commission of the offense.

The owners or sub-lessors of commercial establishments/building/spaces shall continue to submit its existing reportorial requirements under existing Revenue Regulations. Digital platforms, including e-marketplaces, shall submit any required information, upon request from the CIR or his/her duly authorized representative.

SECTION 12. Reportorial Requirements. – Reports on all Closure/Take Down Orders issued and/or executed and the lifting of Closure/Take Down Orders shall be submitted by all implementing offices of the Bureau on a regular basis to the CIR, or his/her duly authorized representative.

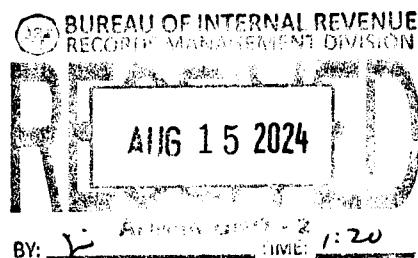
SECTION 13. Penalty. – Any person found violating Section 236(A) in relation to the enumerated provisions of the Tax Code shall be liable as follows:



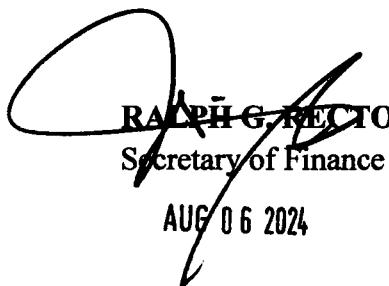
Nature of Violation	Tax Code Provision	Amount of Compromise Penalty
1. Late Registration – voluntary registration	Sec. 275	P1,000.00
2. Failure to register store name or business name	Sec. 275	P1,000.00 per business name or store name
3. Failure to post COR/eCOR on the place of business or website, webpage, account, page, platform or application	Sec. 275	P1,000.00 for every violation/per business name or store name
4. Allowing lessees or online sellers/merchants to use to engage in business the premises or digital platform without BIR registration	Sec. 253 in relation to Sec. 258	P20,000.00** for each branch/store/establishment **Penalty of lessor/digital platform/e-marketplace
5. Failure to obey or refusal to comply with the Closure/Takedown Order	Sec. 258	P20,000.00
6. Failure to Register Head Office or Branch - if the business or self-employed is discovered through various means, including: <ul style="list-style-type: none"> • During Tax Compliance Verification Drive (TCVD) • Ocular inspection or mission order • Upon BIR notification to register • Through third-party reports 	Sec. 258	Medium and Large Taxpayer – P20,000 Small Taxpayer – P15,000 Micro Taxpayer – P5,000 Business subject to excise tax – P50,000

SECTION 14. Separability Clause. – If any provision of these Regulations is declared invalid by a competent court, the remainder of these Regulations or any provision not affected by such declaration of invalidity shall remain in force and effect.

SECTION 15. Repealing Clause. – The provisions of any regulations, rulings or orders, or portions thereof which are inconsistent with the provisions of these Regulations are hereby revoked, repealed or amended accordingly.

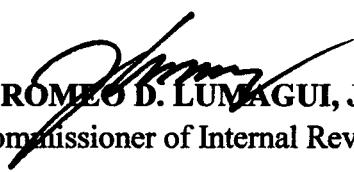


SECTION 16. Effectivity Clause. – These Regulations shall take effect fifteen (15) days after publication in the Official Gazette, Bureau's official website, or in any newspaper of general circulation, whichever comes earlier.


RALPH G. RECTO
Secretary of Finance
AUG 06 2024



Recommending Approval:


ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue



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