



Bringing In Revenues
for Nation-Building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City



FEB 25 2025

REVENUE REGULATIONS NO. 009-2025

- SUBJECT :** Implementing Pertinent Provision of Section 295(D) of the National Internal Revenue Code of 1997 (Tax Code), as Amended by Section 18 of Republic Act (RA) No. 12066, Particularly on the Treatment of Local Sales of Goods and/or Services by Registered Business Enterprises (RBEs)
- TO :** All Internal Revenue Officials, Employees and Others Concerned

SECTION 1. SCOPE. – Pursuant to Sections 244 and 245 of the Tax Code, in relation to Sections 18 and 32 of RA No. 12066, these Regulations are hereby promulgated to implement the pertinent provision under Section 295(D) of the Tax Code, particularly on the treatment of local sales of goods and/or services by RBEs.

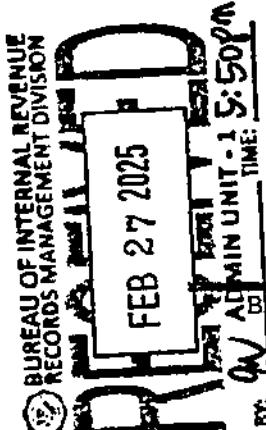
The specific provision is hereunder quoted:

"Provided, That local sales of goods and/or services by an RBE, regardless of the income tax incentives regime and location, shall be subject to twelve percent (12%) VAT, unless otherwise exempt or zero-rated under Titles IV and XIII of this Code. For this purpose, 'local sales' shall cover sales of goods and services to domestic market enterprises or non-RBEs, regardless of whether the sale occurs within the freeport or economic zones: Provided, further, That the liability to pay and remit the VAT to the government rests with the buyer of the said goods or services."

SECTION 2. TAX TREATMENT. – From the afore-cited provision of the Tax Code, local sales of goods and/or services by an RBE shall be subject to 12% Value-Added Tax (VAT), unless otherwise exempt or zero-rated under Titles IV and XIII of the Tax Code. For the avoidance of doubt, local sales shall include sales of goods and services to domestic market enterprises and non-RBEs, regardless of location.

The following mechanisms, therefore shall be observed:

- Income Tax Incentives Regime.** All local sales of RBEs shall be subject to VAT regardless of the income tax regime (i.e., Income Tax Holiday (ITH), 5% Gross Income Earned (GIE)/Special Corporate Income Tax (SCIT), Enhanced Deduction Regime (EDR), or Regular Corporate Income Tax (RCIT)).
- Location of Sales.** The location of the transaction and the RBE, whether inside the ecozone, freeport or customs territory, such as those Registered Export Enterprises (REEs) registered with the Board of Investments (BOI), are no longer



the determining factors in so far as the taxability for local sales of RBEs for VAT purposes is concerned.

- C. **Liability to Pay and Remit VAT.** The liability to pay and remit the VAT to the government rests with the buyer of the goods or services. RA 12066 has shifted to the buyer this liability for local sales of RBEs.

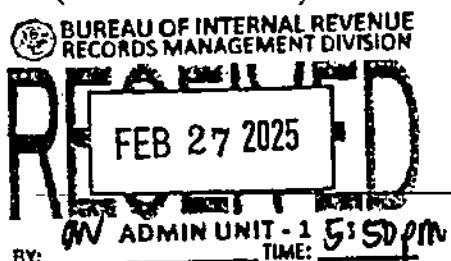
SECTION 3. MANNER OF IMPLEMENTATION. – While the law is clear on the non-distinction of the income tax regimes of the RBE-seller and the location as to where the sales transaction transpired, it is paramount, for purposes of these Regulations, to take into consideration the type of the buyer as to whether it is engaged in business or not.

- A. **Buyer is Engaged in Business/Business-to-Business (B2B).** A B2B transaction pertains to the supply or delivery of goods or services to natural or juridical persons engaged in business located in the Philippines, and the Government of the Philippines or any of its political subdivisions, instrumentalities, or agencies, including government-owned and controlled corporations (GOCCs). For uniform implementation in the manner of filing and collection of the VAT due on B2B local sales, the following procedures shall be prescribed:

1. **Invoicing by the RBE-Seller and Payment of the Buyer.** The RBE-seller shall bill the transaction inclusive of the VAT, which is shown as a separate item in the invoice that will be tagged as "VAT on Local Sales". Since the remittance of the corresponding VAT on local sales will be on the account of the buyer, this will not be included in the total amount due from the buyer.

The buyer, on the other hand, shall pay the purchase price to the RBE-seller, exclusive of VAT on local sales.

2. **Liability to File and Pay VAT.** The buyer of the goods or services shall be liable to pay and remit the corresponding VAT from the transaction.
3. **Manner of Filing and Payment by the Buyer.** The following rules shall apply:
 - a. **For purchase of goods from economic zones or freeport.** – The filing and payment of the "VAT on B2B local sales by RBEs" shall be on a per transaction basis using the BIR Form to be prescribed by the BIR for this purpose through a separate revenue issuance. In the meantime, BIR Form No. 0605 shall be utilized and shall be immediately transmitted to the RBE-seller, as part of the requirements prior to the release of goods from the economic zone or freeport.
 - b. **For purchase of services from economic zones or freeport.** – The filing and payment of the "VAT on B2B local sales by RBEs" shall be on a monthly basis using the BIR Form to be prescribed by the BIR for this purpose through a separate revenue issuance. In the meantime, BIR Form No. 1600-VT shall be utilized and shall be filed on or before the tenth (10th) day of the month following the month in which the transaction transpired. The buyer shall issue withholding VAT certificate (BIR Form No. 2307) to



the RBE-seller either on the aggregated quarterly VAT on local sales payments or upon demand of the RBE-seller.

- c. **For purchases of goods and/or services from BOI-registered enterprises.** – The filing and payment of the “*VAT on B2B local sales by RBEs*” shall be on a monthly basis using the BIR Form to be prescribed by the BIR for this purpose through a separate revenue issuance. In the meantime, BIR Form No. 1600-VT shall be utilized and shall be filed on or before the tenth (10th) day of the month following the month in which the transaction transpired. The buyer shall issue BIR Form No. 2307 to the RBE-seller either on the aggregated quarterly VAT on local sales payments or upon demand of the RBE-seller.

4. Compliance Requirement for RBE-Sellers.

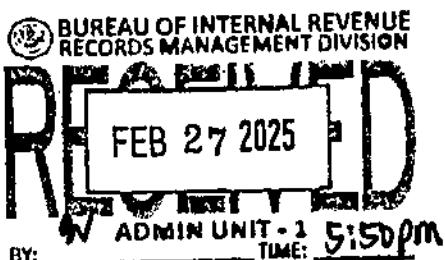
a. **Filing of quarterly VAT returns (QVRs).** –

- i. Non-VAT registered RBEs (*i.e.*, those enjoying the 5% GIE/SCIT) are not required to file QVRs due to their non-registration for VAT.
- ii. VAT-registered RBEs (*i.e.*, those enjoying ITH/EDR/RCIT) are required to file QVRs and shall declare as sales subject to VAT all B2B local sales with the corresponding BIR Form No. 2307/0605 issued by their buyers which shall serve as proof in claiming VAT credit therefrom.
- iii. RBEs with mixed activities (*i.e.*, two or more registered projects/activities under different income tax regimes) shall file QVRs and shall declare as sales subject to VAT all B2B local sales with the corresponding BIR Form No. 2307/0605 issued by their buyers, which shall serve as proof in claiming VAT credit therefrom.

- b. **Submission of Summary List of Local Sales.** – Non-VAT registered RBEs shall submit a quarterly summary list of local sales to be furnished to the BIR office having jurisdiction over the RBE following the format to be prescribed by the BIR in a separate revenue issuance, which shall indicate whether the corresponding VAT has been paid by the buyer. Moreover, VAT-registered RBEs shall follow the regular submission of summary lists of sales and purchases under existing revenue issuances.

- B. Buyer/Consumer is not Engaged in Business/Business-to-Consumer (B2C).** For B2C transactions where the buyer is not engaged in business, imposing payment and remittance of VAT on their purchases from RBEs is not administratively feasible. Therefore, the buyer/consumer will still pay the VAT due on the transaction, but the RBE-seller will be responsible for remitting it to the government.

There is also a need to distinguish the income tax regime of the registered activity of the RBE-seller since compliance requirements may vary. On one hand,



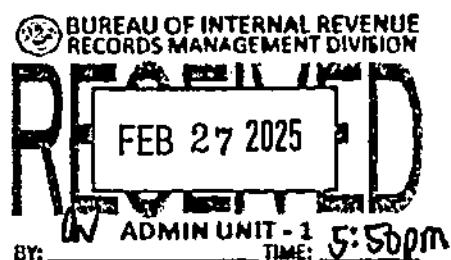
registered activities under the five percent (5%) GIE/SCIT are exempt from VAT and are generally not required to register under the tax type "VAT". On the other hand, registered activities under the income tax holiday (ITH) or EDR are enjoying incentives on income tax only. Hence, these RBEs are VAT-registered and are required regular compliance for VAT purposes including the filing of quarterly VAT returns and its corresponding attachments such as the summary lists of sales and purchases.

1. **Invoicing by the RBE-Seller and Payment of the Buyer.** The seller shall bill the transaction inclusive of VAT, which is shown as a separate item in the invoice that will be tagged as "VAT on Local Sales". The buyer shall pay the purchase price to the RBE-seller, inclusive of VAT on local sales.
2. **Liability to File and Pay VAT.** The seller shall be responsible in remitting the VAT on local sales it charged to its buyers that are not engaged in business, as follows:
 - a. **Registered Activity of the RBE-Seller is under the 5% GIE/SCIT regime.** – Until a new form is prescribed, the seller-RBE shall file BIR Form No. 0605 for the VAT on local sales paid by their buyers/consumers. This form shall be filed by the 10th day of the month following the transaction.
For RBEs with other registered activity/ies that is/are not under the 5% GIE or SCIT regime, they shall be required to register as VAT. The local sales shall be reported under the gross sales subject to VAT in the quarterly VAT returns (BIR Form No. 2550Q). The VAT paid through BIR Form No. 0605 during the first two (2) months of the quarter shall be reflected as VAT credit in the BIR Form 2550Q.
 - b. **Registered Activity of the RBE-Seller is Under ITH/EDR or Regular Income Tax Rate.** – Since this requires VAT registration, the RBE-seller shall file the corresponding quarterly VAT Return (QVR) for the local sales subject to VAT including the VAT on local sales.

SECTION 4. OPTIONAL VAT REGISTRATION. – If the RBE is under the 5% GIE or SCIT, and all registered activities fall under the same income tax regime, the RBE may opt to register for VAT for its local sales. This will not affect the RBE's existing fiscal and non-fiscal incentives, including VAT zero-rating on local purchases and VAT exemption on importation that are directly attributable to the RBE's registered activity.

Pursuant to Section 236(G) of the Tax Code, any person who elects to register under this Subsection shall not be entitled to cancel his registration under Subsection (E)(2) of Section 236 of the Tax Code for the next three (3) years.

SECTION 5. CLAIM OF INPUT TAX BY VAT-REGISTERED BUYERS. – For VAT-registered buyers of RBEs, no input VAT shall be claimed until the corresponding VAT has been paid on the purchase from RBE-sellers. The following documents are required for the local buyers of RBEs:



- A. Sales Invoice issued by the RBE showing the amount of VAT on local sales; and
- B. Copy of the corresponding duly-filed BIR Form No. 1600VT or BIR Form No. 0605, whichever is applicable.

For non-VAT registered buyers, VAT paid on purchases from RBES shall form part of the cost or charged to expense account.

SECTION 6. WITHHOLDING OF VAT ON GOVERNMENT MONEY PAYMENTS. – The creditable withholding tax rate on the purchase of goods and services from RBES of the Philippine Government or any of its political subdivisions, instrumentalities, or agencies, including GOCCs under Sec. 4.114-2(a) of Revenue Regulations (RR) No. 16-2005, as amended by RR No. 13-2018, shall now be amended to twelve percent (12%) upon the effectivity of these Regulations.

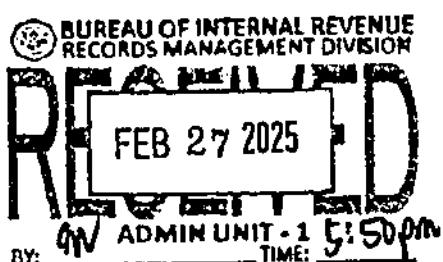
SECTION 7. TRANSITORY PROVISIONS. – Upon effectivity of these Regulations, the RBES with remaining registered manual invoices that include the term “VAT/VAT Amount” in the breakdown of sales may be stamped with “VAT on Local Sales” upon issuance to buyers, until fully consumed, without the need for approval from the concerned BIR Office. For subsequent applications for Authority to Print Invoices, the new layout should replace the term “VAT/VAT Amount” in the breakdown of sales with “VAT on Local Sales”.

In cases where the invoices are Exempt/VAT-Exempt and do not include the term “VAT/VAT Amount,” the same provision shall apply. Such invoices may be stamped by the seller with “VAT on Local Sales” upon issuance to buyers, without the need for approval from the concerned BIR Office. For subsequent applications for Authority to Print Invoices, the new layout shall include the term “VAT on Local Sales” in the said invoice.

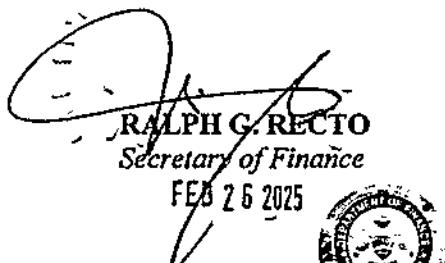
RBES using registered Cash Register Machines/Point-of-Sales (CRM/POS), Computerized Accounting System (CAS), Computerized Books of Accounts with Accounting Records or other registered invoicing system/software shall reconfigure/rename their system by changing/renaming the term “VAT/VAT Amount” in the breakdown of sales with “VAT on Local Sales”, or adding the same in case the “VAT/VAT Amount” is not applicable, until December 31, 2025. This shall be subject to post-verification by the BIR office having jurisdiction over the RBE.

SECTION 8. SEPARABILITY CLAUSE. – If any of the provisions of these Regulations is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 9. REPEALING CLAUSE. – All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.



SECTION 10. EFFECTIVITY. – These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or the BIR Official Website, whichever comes first.


RALPH G. RECTO
Secretary of Finance
FEB 26 2025


Recommending Approval:




ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

