REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

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JUN 30 2022
RECORDS MGT. DIVISION

JUN 23 2022

REVENUE REGULATIONS NO. 9-2022

SUBJECT : Prescribing Policies and Guidelines for the Admissibility of Sales Documents in Electronic Format in Relation to the Implementation of Section 237, Issuance of Receipts or Sales or Commercial Invoices, and 237-A, Electronic Sales Reporting System, of the National Internal Revenue Code of 1997, as Amended by Republic Act (R.A.) No. 10963, Otherwise Known as the Tax Reform for Acceleration and Inclusion or the "TRAIN Law"

TO : All Internal Revenue Officers and Others Concerned

The "Electronic Commerce Act of 2000" (Republic Act no. 8792) has long been passed into law in June 2000 to adapt to the needs of the digital economy. Thereafter, the Supreme Court approved the Rules on Electronic Evidence allowing the admission of an electronic document or electronic data message as evidence in civil actions and proceedings, as well as quasi-judicial and administrative cases. The TRAIN package was also enacted to include provisions on the establishment of a system capable of storing and processing transaction data of taxpayers, and mandating the issuance of electronic receipts and invoices among large taxpayers, export processing companies, and e-commerce companies.

However, despite the passage of the aforementioned laws, including the "Ease of Doing Business Law of 2018 (R.A. No. 11032), taxpayers especially export-oriented companies who have significant amounts of input VAT to claim for refund are still submitting hard copies of invoices and receipts for their compliance. The preparation, exchange, and storage of these documents then form a significant part in the day-to-day costs of operations for the taxpayers.

In compliance with the TRAIN law, the Bureau has developed the Electronic Invoicing/Receipting and Sales Reporting System (EIS) that is capable of storing and processing sales data required to be transmitted by covered taxpayers using their Sales Data Transmission System. EIS is also capable of issuing sales documents through its web-based issuance facility to be used by qualified taxpayers that will be determined by the BIR. EIS ensures integrity and reliability of the sales and purchases data that will be generated and verified therefrom.

Thus, these Regulations are issued to address concerns of taxpayers in the substantiation of sales and purchases, particularly the submission of hard copies of invoices and receipts and to ease compliance with the BIR. On the part of the Bureau, this will provide a more efficient and accurate manner of investigating internal revenue tax liabilities of taxpayers and verification of sales and purchases in the processing of VAT refund claims under Section 112 of the National Internal Revenue Code of 1997 (Tax Code), as amended.

SECTION 1. SCOPE – Pursuant to Sections 244 and 245 of the Tax Code, as amended, these Regulations are hereby promulgated to provide policies and guidelines for the admissibility of electronic sales documents or data, particularly in the verification of sales and purchases of taxpayers especially during audit or processing of VAT refund claims, in relation to Section 237 and 237-A of the National Internal Revenue Code (NIRC) of 1997, as amended by R.A. No. 10963 or the TRAIN Law, particularly with the following taxpayer groups:

1. Taxpayers engaged in the export of goods and services;
2. Taxpayers engaged in electronic commerce (e-commerce); and
3. Taxpayers under the Large Taxpayers Service (LTS).

These Regulations also cover taxpayers that are not included in the above group of taxpayers but have been authorized by the Bureau to issue electronic SIs/ORs through the web-based facility of the EIS.

SECTION 2. POLICIES AND GUIDELINES – All taxpayers covered by these Regulations shall follow the policies and guidelines provided herein. A separate issuance shall be provided for the details and specific requirements hereof.

1. At the time of tax audit or investigation or verification of the taxpayer, pursuant to Section 5(A) of the Tax Code, as amended, the sales and purchases data that will be generated and verified through the EIS, in lieu of hard copies, are admissible, provided, these comply with the information/data requirements under existing revenue issuances and the minimum information required under Section 113 of the same Tax Code. The requirement for the prominently stamping of the term "zero-rated sales" on the face of the receipt or invoices is no longer necessary inasmuch as a separate reporting to EIS is required for each sales classification, particularly VATable, zero-rated and exempt.

2. Taxpayers duly-authorized to use the EIS, whether through the web-based format or through Application Programming Interface (API) transmission of sales data, shall not be required to submit printed copies of invoices or receipts issued for their sales.

3. Printed Invoices/Receipts for purchases from suppliers using the web-based issuance in the EIS, or through Sales Data Transmission System, will no longer be required to be submitted. However, only purchases data that are validated in the EIS shall be allowed for purposes of claiming input VAT under Section 110 of the Tax Code, as amended, or for claiming deductible expenses for purposes of income tax under Section 34(A)(1)(b) of the same Tax Code. Receipts and invoices presented or claimed by the buyer as purchases that are not reported in the EIS by the supplier shall be construed as unreported sales and shall be subject to further investigation.

4. The original form or digital copies, whichever is applicable, must be retained in accordance with Sections 235 and 237 of the Tax Code, as amended, in order for the taxpayer to provide the same upon demand for verification and validation of the sales and purchases data generated through the EIS or submitted electronic forms of invoices or receipts.

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5. Subject to approval of the Commissioner of Internal Revenue or his authorized representative, taxpayers may be required to present or submit hard copies of the receipts or invoices or allowed access to the computerized system under the following instances:

   a. Missing or vague details in the invoices or receipts that were transmitted to the EIS, which the investigating Revenue Officer needs further clarification;

   b. Information in the invoices and receipts that are not included in the data required to be transmitted to the EIS;

   c. Validation of export sales data during verification of VAT refund claims for unutilized input VAT attributable to zero-rated sales by taxpayer-claimants under Section 112(A) of the Tax Code, as amended.

   d. Taxpayer is under tax fraud investigation;

   e. Skipped or missing series in the invoices or receipts issued; and/or

   f. Other instances as may be determined by the Commissioner of Internal Revenue.

   In this regard, the volume of the sales documents required to be submitted or presented may be a representative sample of the total sales or purchases as may be determined by the revenue officer of the Bureau.

6. Revenue officers are not precluded from accessing the respective CAS or POS/CRM machines of the taxpayer under the EIS to validate whether the sales data transmitted to the EIS matches the sales recorded in their electronic systems as required under RR No. 9-2009.

7. Refusal of the taxpayer to allow the revenue officers assigned to access the CAS pursuant to Section 7 of RR No. 9-2009 shall give authority to the revenue officers to employ alternative means in the verification of the records of the taxpayer or may result in possible disallowances or assessments. Pursuant to Section 12 of the same RR, any violation of the provisions of RR No. 9-2009 may result in prosecution of the taxpayer by the Bureau of Internal Revenue. Upon conviction, the taxpayer shall be held liable for the penalties provided under Section 255 of the NIRC, in addition to any other penalties otherwise payable. This may also result in the revocation of the Acknowledgement Certificate or Permit to Use CAS of the taxpayer, upon recommendation of the revenue officer.

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8. Sales and purchases not covered by these Regulations shall be in compliance with the existing policies and procedures for the manual verification of sales and purchases.

SECTION 3. REPEALING CLAUSE – All existing rules and regulations or parts thereof, which are inconsistent with the provisions of these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 4. EFFECTIVITY – These Regulations shall take effect immediately after publication in a newspaper of general circulation.

CARLOS G. DOMINGUEZ
Secretary of Finance
JUN 28 2022

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue
051977

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