

An overhead, top-down view of a modern office space. The floor is a light grey with a subtle, textured pattern. Several people are seated at white desks, working on laptops and tablets. The desks are arranged in a way that creates a sense of movement and activity. A large, bright yellow rectangular area is overlaid on the left side of the image, containing the main title and subtitle. The overall atmosphere is professional and dynamic.

# AMWAY PHILIPPINES

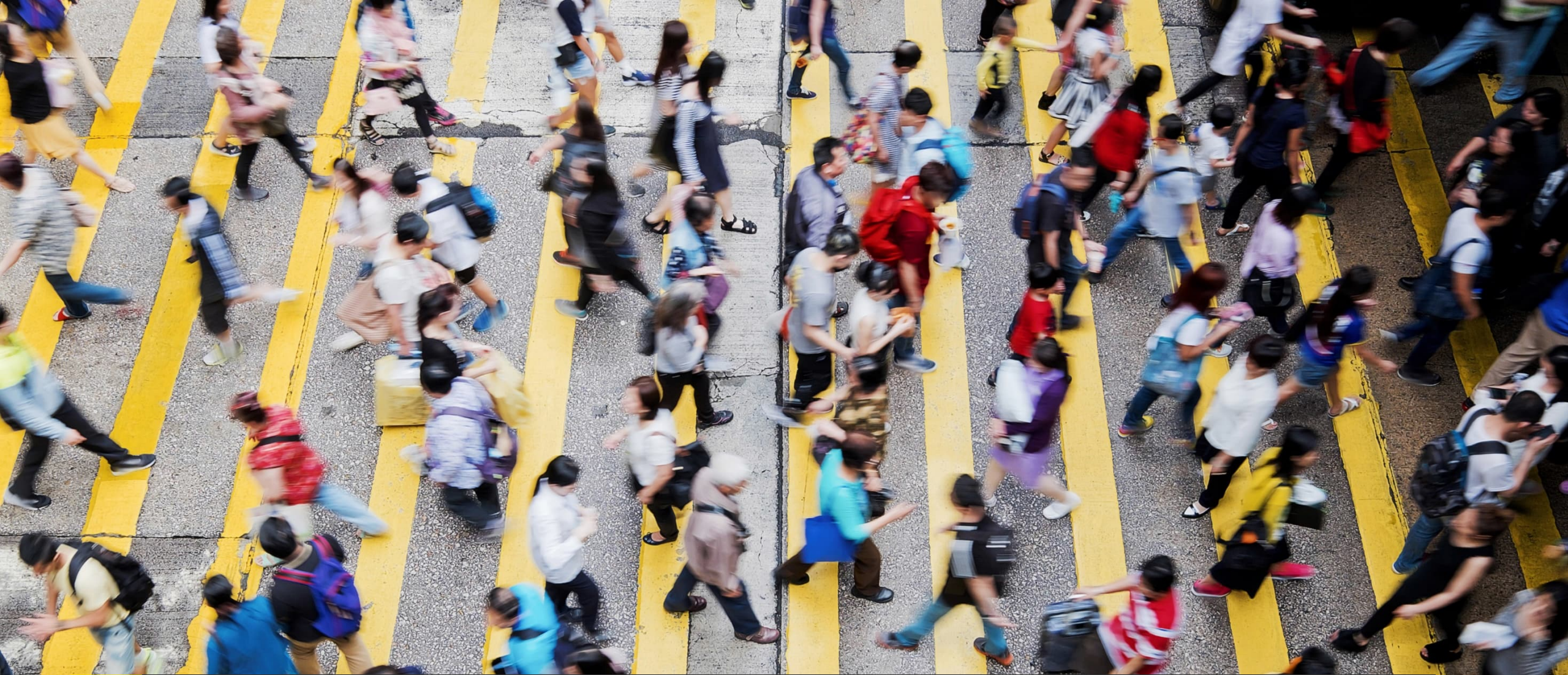
SGV & Co.  
Global Compliance & Reporting

A yellow graphic element consisting of a thick, slanted line that tapers to a point, positioned above the 'SGV' text.

**SGV**

Building a better  
working world





# 01 Business Registration





Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

OUTLINE



## Registration Process (Setting Up the Business)



Registration Process (Setting Up  
the Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Business Registration Process

DTI



LGU





Registration Process (Setting Up  
the Business)

Application for Tax Identification  
Number (TIN)

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Application for Authority to Print  
Receipts and Invoices



Business name registration is required in the Philippines. According to the Business Name Law (Republic Act 3883), it's illegal for anyone to use any name for a business other than the owner's true name without first registering the business name with the DTI.



Registration Process (Setting Up  
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Receipts and Invoices

# Department of Trade and Industry Philippines

Register your business with the DTI and obtain a Business Name Registration Certificate

## Eligibility Requirements

1. Must be a Filipino citizen, at least 18 years old
2. Filipinos whose names are suggestive of alien nationality must submit proof of citizenship such as birth certificate, PRC ID, voter's ID, or passport
3. If the applicant has a foreign sounding name, acquired Filipino citizenship by naturalization, election, or by other means provided by law, he must submit proof of his Filipino citizenship such as:
  - a. Naturalization certificate and Oath of Allegiance,
  - b. Affidavit of election or ID card issued by the Bureau of Immigration and Deportation, or
  - c. Valid ID card issued by the Integrated Bar of the Philippines (IBP) or Professional Regulatory Commission (PRC)



Registration Process (Setting Up  
the Business)

Application for Tax Identification  
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Receipts and Invoices

# Department of Trade and Industry Philippines

## Business Name Registration – Business Name Registration System (BNRS)

### Step 1

Go to [BNRS - Business Name Registration at your fingertips! \(dti.gov.ph\)](https://dti.gov.ph/BNRS)

Click the new registration under the business name services. Read and understand the terms and conditions. Once you are ok with the T&C, click “I Agree” to confirm.

### Step 2

Fill out the owner’s information. Make sure to fill-out all the required fields.

### Step 3

Choose business scope/territorial scope: (barangay, city/municipality, regional, national)

### Step 4

Indicate the nature of the business.



Registration Process (Setting Up  
the Business)

Application for Tax Identification  
Number (TIN)

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Receipts and Invoices

# Department of Trade and Industry Philippines

## Business Name Registration – Business Name Registration System (BNRS)

### Step 5

Click 'check name availability' and the system will check for the validity of the business name.

### Step 6

Take note of the reference code assigned as this will be used in all transactions with BNRS. Click 'Continue'.

### Step 7

Fill out remaining blank fields (e.g. business address, personal information)

### Step 8

Carefully review the accomplished form and click Confirm and Proceed.



Registration Process (Setting Up  
the Business)

Application for Tax Identification  
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Application for Authority to Print  
Receipts and Invoices

# Department of Trade and Industry Philippines

## Business Name Registration – Business Name Registration System (BNRS)

### Step 9

Review 'undertaking' which states the business name owner's responsibilities.

### Step 10

Choose payment method and wait for payment confirmation.

### Step 11

Check inbox of email address used for the Business Name Registration Certificate

For a more interactive instruction, you may visit this link <https://youtu.be/FOnpl3ui3ul>

Registration Process (Setting Up the Business)	Application for Tax Identification Number (TIN)	Registration of Books of Accounts	Application for Authority to Print Receipts and Invoices
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# Department of Trade and Industry Philippines

## Business Name Registration



**BNRS NOW IN CBP**

**ADVISORY**

**NOTICE TO THE PUBLIC**

To make PH business easier, the Business Name Registration System (BNRS) is moving to a new home at the Central Business Portal at:  
<https://business.gov.ph>

Live Testing is now ongoing for new Business Name (BN) registration applications.

For new business name registrations, please visit:  
<https://business.gov.ph>

Logos: Central BUSINESS PORTAL, ARTA OFFICE OF THE REGISTRAR, dti PHILIPPINES



Registration Process (Setting Up  
the Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Department of Trade and Industry Philippines

## Business Name Registration – Central Business Portal (CBP)

### Central Business Portal

#### 1. Create an Account

##### Create an Account

Go to <https://business.gov.ph/signup>

You have to create an account to use the CBP and to begin with the registration of your new business.

Once account is created, an account verification link shall be forwarded to your email. Click the link to finish creating the account.

#### 2. Log-in

##### Login and Register a Business

Go to <https://business.gov.ph/login>

Once you have verified your account, you may now login to the application dashboard and start applying for a business. Click the Register a Business button to start an application.

Registration Process (Setting Up the Business)	Application for Tax Identification Number (TIN)	Registration of Books of Accounts	Application for Authority to Print Receipts and Invoices
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# Department of Trade and Industry Philippines

## Business Name Registration – Central Business Portal (CBP)

[Central Business Portal](#)

### 3. Fill out User Account Information

#### User Account Information

Personal Details

Residential Address

Business Address

Personal Details

Residential Address

Business Address

Personal Details

Residential Address

Business Address



Registration Process (Setting Up the Business)	Application for Tax Identification Number (TIN)	Registration of Books of Accounts	Application for Authority to Print Receipts and Invoices
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# Department of Trade and Industry Philippines

## Business Name Registration – Central Business Portal (CBP)

### [Central Business Portal](#)

4. Click 'Submit'

A screenshot of a web form with several input fields. At the bottom right, there are two buttons: 'Previous' and 'Submit'. The 'Submit' button is highlighted with a red rectangular border.

5. User Information Saved

A screenshot of a web form with a modal dialog box in the center. The dialog box has a green checkmark icon and the text: "Success! User Information Saved! You will be redirected shortly." Below the text is a blue button labeled "OK". The background shows a blurred form with fields for "City Of Makati", "Poblacion", "Street Name", "Building Name / Tower", and "Lot / Block / Phase / House No.".

Registration Process (Setting Up  
the Business)

Application for Tax Identification  
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Receipts and Invoices

# Department of Trade and Industry Philippines

## Business Name Registration

### Applicable Fees

P 300.00 Basic Application Fee (New/Renewal)

15.00 Documentary Stamp

100.00 Surcharge for renewal of BN beyond 90 days after expiration

55.00 Bulk Sales



Registration Process (Setting Up the Business)	Application for Tax Identification Number (TIN)	Registration of Books of Accounts	Application for Authority to Print Receipts and Invoices
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## LGUs

Obtain **Barangay/Municipality/Regional Clearance** from the concerned local government where you will set up your office

### Requirements



Business Name Registration Certificate



Two valid IDs



Proof of address of business location (Note: If you will be operating from home, your home address will suffice)

*maybe subject to fees depending on the barangay or municipality where the business is registered*

Registration Process (Setting Up the Business)	Application for Tax Identification Number (TIN)	Registration of Books of Accounts	Application for Authority to Print Receipts and Invoices
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## LGUs

Go to the mayor's office in order to [secure a business permit](#) in the municipal level

### Requirements



Business Name Registration Certificate



Map/sketch of location where your business will be located



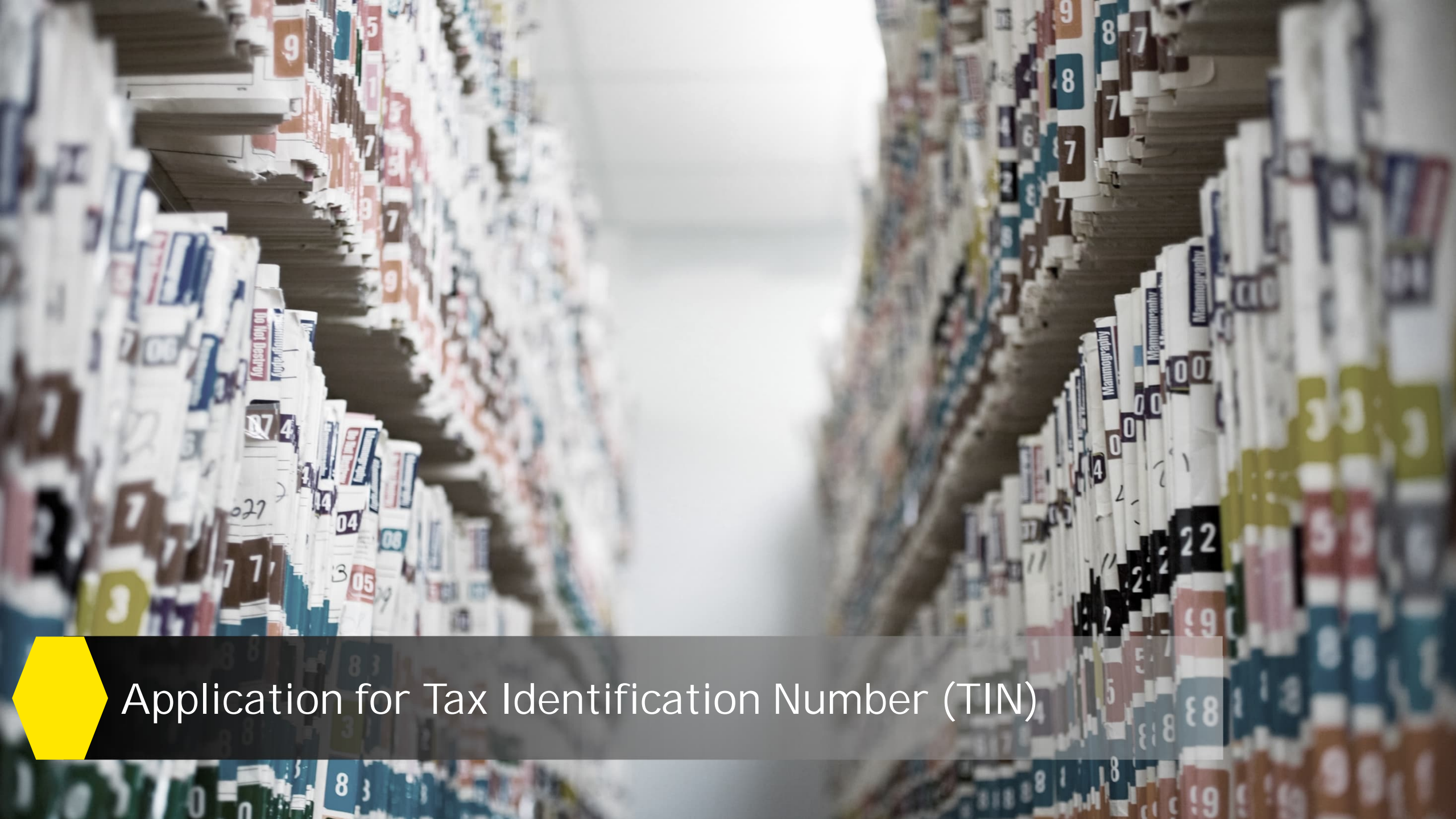
Two valid IDs



Community tax certificate (in some cases)

*maybe subject to fees depending on the barangay or municipality where the business is registered*





Application for Tax Identification Number (TIN)

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices



Any person, whether natural or juridical, required under the authority of the Internal Revenue Code to make, render or file a return, statement or other documents, shall be supplied with or assigned a Taxpayer Identification Number (TIN) to be indicated in the return, statement or document to be filed with the Bureau of Internal Revenue, for his proper identification for tax purposes.

*(Sec. 236 (i) of the Tax Code).*



Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Individuals

## Self-employed & Mixed Income Individuals

- individuals receiving income from the conduct of trade or business and/or practice of profession
- individuals receiving compensation income and income from the conduct of trade or business and/or practice of profession

## Individuals Earning Purely Compensation Income

- individuals receiving purely compensation income from a single employer

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Self-employed and Mixed Income Individuals

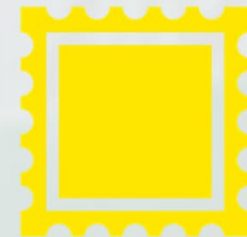
## Documentary Requirements



Any identification issued by an authorized government body (e.g. Birth Certificate, passport, driver's license, Community Tax Certificate) that shows the name, address and birthdate of the applicant



Payment of P500.00 for Registration Fee and P30.00 for loose DST or Proof of Payment of Annual Registration Fee (ARF) (if with existing TIN or applicable after TIN issuance)



BIR Printed Receipts/Invoices or Final & clear sample of Principal Receipts/ Invoices



Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Self-employed and Mixed Income Individuals

Other Documentary Requirements indicated in BIR Form NO. 1901



Photocopy of Mayor's Business Permit; or Duly received Application for Mayor's Business Permit, if the former is still in process with the LGU; and/or Professional Tax Receipt/Occupational Tax Receipt issued by the LGU

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Self-employed and Mixed Income Individuals

Other documents for submission only if applicable

Special Power of Attorney (SPA) and ID of authorized person, in case of authorized representative who will transact with the Bureau

DTI Certificate (if with business name)

Franchise Documents (e.g. Certificate of Public Convenience) (for Common Carrier)

Photocopy of the Trust Agreement (for Trusts);

Photocopy of the Death Certificate of the deceased (for Estate under judicial settlement);

Certificate of Authority, if Barangay Micro Business Enterprises (BMBE) registered entity

Proof of Registration/Permit to Operate BOI/BOI-ARMM, PEZA, BCDA and SBMA

Registration Process (Setting Up the Business)	Application for Tax Identification Number (TIN)	Registration of Books of Accounts	Application for Authority to Print Receipts and Invoices
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# Self-employed and Mixed Income Individuals

## Procedures

**1** Accomplish and submit BIR Form No. 1901 version 2018 to New Business Registrant Counter



\*

Taxpayer may attend the scheduled initial briefing for new business registrants to be conducted by the RDO



**2** Pay the Annual Registration Fee - P 500.00  
Documentary Stamp Tax - P 300.00



\*\*

Individual business taxpayer may also submit application via electronic mail through [BIR New Business Registration \(NewBizReg\) Portal](#)



**3** The RDO shall then issue Certificate of Registration **BIR Form No. 2303** and **eReceipt** as proof of payment





Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

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Receipts and Invoices

# Self-employed and Mixed Income Individuals

## Procedures

**BIR FORM  
No. 1901**

Application for Registration For Self-Employed (Single Proprietor/Professional), Mixed Income Individuals, Non-Resident Alien Engaged in Trade/Business, Estates and Trusts



Registration Process (Setting Up the Business)

# Self-employment Procedures

## BIR FORM No. 1901

<b>16 Local Residence Address</b>					
Unit/Room/Floor/Building#	Building Name/Tower	Lot/Block/Phase/House No.	Street Name	Subdivision/Village/Zone	
Barangay	Town/District	Municipality/City	Province	ZIP Code	
<b>17 Business Address</b>					
Unit/Room/Floor/Building#	Building Name/Tower	Lot/Block/Phase/House No.	Street Name	Subdivision/Village/Zone	
Barangay	Town/District	Municipality/City	Province	ZIP Code	
<b>18 Foreign Address</b>					
<b>19 Municipality Code</b> (To be filled up by BIR)			<b>20 Purpose of TIN Application</b>		
<b>21 Identification Details</b> (e.g. passport, government issued ID, company ID, etc.)					
Type	ID Number	Effective Date (MM/DD/YYYY)	Expiry Date (MM/DD/YYYY)	Issuer	Place/Country of Issue
<b>22 Preferred Contact Type</b>					
<input type="checkbox"/> Landline Number	<input type="checkbox"/> Fax Number	<input type="checkbox"/> Mobile Number	Email Address (required)		
<b>23 Are you availing of the 8% income tax rate option in lieu of Graduated Rates?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No					
<b>PART II - Spouse Information</b>					
<b>24 Employment Status of Spouse</b> <input type="checkbox"/> Unemployed <input type="checkbox"/> Employed Locally <input type="checkbox"/> Employed Abroad <input type="checkbox"/> Engaged in Business/Practice of Profession					
<b>25 Spouse Name</b> (Last Name) (First Name) (Middle Name) (Suffix)				<b>26 Spouse TIN</b>	
				- - - 0 0 0 0 0	
<b>27 Spouse Employer's Name</b> (Last Name, First Name, Middle Name, if Individual)(Registered Name, if Non-Individual)				<b>28 Spouse Employer's TIN</b>	
				- - - 0 0 0 0 0	
<b>PART III - Authorized Representative</b>					
<b>29 Relationship Name</b> (For Authorized Representative)					
If Individual (Last Name)	(First Name)	(Middle Name)	Suffix		
If Non-Individual (Registered Name)					



# Self-employment Procedures

## BIR FORM No. 1901

<b>30 Relationship Start Date</b> (MM/DD/YYYY) <input type="text"/>		<b>31 Address Types</b> <input type="checkbox"/> Residence <input type="checkbox"/> Place of Business <input type="checkbox"/> Employer Address		
<b>32 Local Residence Address</b>				
Unit/Room/Floor/Building#	Building Name/Tower	Lot/Block/Phase/House No.	Street Name	Subdivision/Village/Zone
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Barangay	Town/District	Municipality/City	Province	ZIP Code
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>33 Preferred Contact Type</b>				
<input type="checkbox"/> Landline Number	<input type="checkbox"/> Fax Number	<input type="checkbox"/> Mobile Number	Email Address (required)	
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
<b>Part IV – Business Information</b>				
<b>34 Single Business Number</b> <input type="text"/>				
<b>35 Primary/Secondary Industries</b> (Attach additional sheet/s, if necessary)				
Industry	Trade/Business Name		Regulatory Body	
Primary	<input type="text"/>		<input type="text"/>	
Secondary	<input type="text"/>		<input type="text"/>	
Industry	Business Registration Number	Business Registration Date (MM/DD/YYYY)	PSIC Code (To be filled up by BIR)	Line of Business
Primary	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Secondary	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>36 Incentives Details</b>				
<b>36A Investment Promotion</b> (e.g. PEZA, BOI) <input type="text"/>	<b>36B Legal Basis</b> (e.g. RA, EO) <input type="text"/>	<b>36C Incentive Granted</b> (e.g. Exempt from IT, VAT, etc.) <input type="text"/>		
<b>36D No. of Years</b> <input type="text"/>	<b>36E Incentive Start Date</b> (MM/DD/YYYY) <input type="text"/>	<b>36F Incentive End Date</b> (MM/DD/YYYY) <input type="text"/>		
<b>37 Details of Registration / Accreditation</b>				
<b>37A Registration / Accreditation Number</b> <input type="text"/>		<b>37B Effectivity Date</b> (MM/DD/YYYY) <input type="text"/>	<b>37C Date Issued</b> (MM/DD/YYYY) <input type="text"/>	
<b>37D Registered Activity</b> <input type="text"/>		<b>37E Tax Regime</b> (Regular, Special, Exempt) <input type="text"/>	<b>37F Activity Start Date</b> (MM/DD/YYYY) <input type="text"/>	<b>37G Activity End Date</b> (MM/DD/YYYY) <input type="text"/>
<b>38 Facility Details</b> (PP-Place of Production/Plant; SP-Storage Place; WH-Warehouse; SR-Showroom; GG-Garage; BT-Bus Terminal; RP-Real Property for Lease with No Sales Activity)				
<b>38A Facility Code</b> (To be filled up by BIR) <input type="text"/>	<b>38B Facility Type</b> <input type="checkbox"/> PP <input type="checkbox"/> SP <input type="checkbox"/> WH <input type="checkbox"/> SR <input type="checkbox"/> GG <input type="checkbox"/> BT <input type="checkbox"/> RP <input type="checkbox"/> Other (specify) <input type="text"/>			
<b>38C Facility Address</b>				
Unit/Room/Floor/Building#	Building Name/Tower	Lot/Block/Phase/House No.	Street Name	Subdivision/Village/Zone
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Barangay	Town/District	Municipality/City	Province	ZIP Code
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Part VI – Authority to Print

## 40 Authority to Print Receipts and Invoices

40A Printer's Name  40B Printer's TIN

40C Printers Accreditation Number  40D Date of Accreditation (MM/DD/YYYY)

## 40E Registered Address

Unit/Room/Floor/Building#  Building Name/Tower  Lot/Block/Phase/House No.  Street Name  Subdivision/Village/Zone   
 Barangay  Town/District  Municipality/City  Province  ZIP Code

40F Contact Number  40G E-mail Address

40H Manner of Receipt/Invoices  Bound  Loose Leaf  Others

## 40I Descriptions of Receipts and Invoices (Additional Sheet/s if Necessary)

Description	TYPE		NO. OF BOXES/BOOKLETS		NO. OF SETS PER BOX / BOOKLET	NO. OF COPIES PER SET	SERIAL NO.	
	VAT	NON-VAT	LOOSE	BOUND			START	END
<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

## Part VII - For Employee with Two or More Employees (Multiple Employments) Within the Calendar Year

41 Type of Multiple Employments  Successive employments (With previous employer/s within the calendar year)  Concurrent employments (With two or more employers at the same time with the calendar year)

(If successive, enter previous employer/s; if concurrent, enter secondary employer/s)

Previous and Concurrent Employments During the Calendar Year

41A Name of Employer  41B TIN of Employer

41C Name of Employer  41D TIN of Employer

## 42 Declaration

I declare, under the penalties of perjury, that this application has been made in good faith, verified by me and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under the authority thereof. Further, I give my consent to the processing of my information as contemplated under the "Data Privacy Act of 2012 (R.A. No. 10173) for legitimate and lawful purposes.

\_\_\_\_\_  
 Taxpayer/Authorized Representative  
 (Signature over Printed Name)



# Self-employe Procedures

## BIR FORM No. 1901

(Signature over Printed Name)

### Part VIII – Primary/Current Employer Information

<b>43</b> Type of Registered Office	<input type="checkbox"/> Head Office	<input type="checkbox"/> Branch Office	<b>44</b> TIN		<b>45</b> RDO Code	
<b>46</b> Employer Name If <b>Individual</b> (Last Name)		(First Name)		(Middle Name)		(Suffix)
<b>If Non-Individual</b> (Registered Name)						
<b>47</b> Employer Address						
Unit/Room/Floor/Building#	Building Name/Tower	Lot/Block/Phase/House No.	Street Name	Subdivision/Village/Zone		
Barangay	Town/District	Municipality/City	Province	ZIP Code		
<b>48</b> Contact Details						
Landline Number	Fax Number	Mobile Number	Email Address (required)			
<b>49</b> Relationship Start Date (MM/DD/YYYY)			<b>50</b> Municipality Code (To be filled up by BIR)			
<b>51</b> Declaration						Stamp of BIR Receiving Office and Date of Receipt
I declare, under the penalties of perjury, that this application has been made in good faith, verified by me and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. Further, I give my consent to the processing of my information as contemplated under the *Data Privacy Act of 2012 (R.A. No. 10173) for legitimate and lawful purposes.						
EMPLOYER/AUTHORIZED REPRESENTATIVE <i>(Signature over Printed Name)</i>			Title/Position of Signatory			

### Part IX – Payment Details

<b>52</b> For the Year		<b>53</b> Date of Payment (MM/DD/YYYY)		<b>54</b> ATC	<b>MC180</b>
<b>55</b> Tax Type	<b>RF</b>	<b>56</b> Manner of Payment	<b>REGISTRATION FEE</b>	<b>57</b> Type of Payment	<b>FULL PAYMENT</b>
<b>58</b> Registration Fee				<b>58A</b>	
<b>59</b> BIR Printed Receipts / Invoices				<b>59A</b>	
<b>60</b> Add: Penalties		Surcharge		Interest	
<b>60A</b>		<b>60B</b>		<b>60C</b>	
		Compromise		<b>60D</b>	
<b>61</b> Total Amount Payable (Sum of Items 58A, 59A and 60D)					

\*NOTE: The BIR Data Privacy Policy is in the BIR website (www.bir.gov.ph)



Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

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# Self-employed and Mixed Income Individuals

## Procedures

### BIR New Business Registration (NewBizReg) Portal



[BIR Homepage](#)

The New Business Registration (NewBizReg) Portal is an alternative option in submitting application for registration of business (Head Office and Branch) to the Bureau. Taxpayer-applicants shall prepare all scanned copy of required documents to be attached and to be submitted via email through this portal to the concerned BIR Revenue District Office (RDO).

#### How to register a business through NewBizReg Portal

**STEP** Prepare all the required documentary requirements in scanned PDF copy not exceeding 4MB total file size of all attachments per email.

**1**

Click the following link to view complete documentary requirements:

- A. [For Sole Proprietors, Professionals, Mixed Income Earners](#)
- B. [For Corporations, Partnerships](#)
- C. [For Cooperatives, Associations and other Non-individuals](#)
- D. [For Branch](#)

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

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# Self-employed and Mixed Income Individuals

## Procedures

BIR New Business Registration (NewBizReg) Portal

### STEP Determine filing and payment obligations.

2

Download and answer the tax type questionnaire in order for us to determine your applicable tax liabilities.

[<Download here>](#)

Scan the accomplished tax type questionnaire and include as attachment to your email application.

### STEP Pay the P500.00 Registration Fee and P30.00 loose Documentary Stamp Tax (DST).

3

Taxpayer-applicant with existing Taxpayer Identification Number (TIN) may pay the P500.00 Registration Fee and P30.00 loose DST online through the following [ePayment Channels](#) of the BIR.

Taxpayer-applicant without existing TIN shall wait for an email instruction on when to pay or may pay the P500.00 Registration Fee and P30.00 loose DST at the New Business Registrant Counter at the Revenue District Office (RDO) upon pick-up of Certificate of Registration.

Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Self-employed and Mixed Income Individuals

## Procedures

BIR New Business Registration  
(NewBizReg) Portal

**STEP** Attach all required documents in the email and submit to the email address of the concerned RDO.

**4**

### WHERE TO SUBMIT

Enter your business address or residence address (in case of professionals with no physical business address) below to determine the email address of the RDO where the application shall be submitted.

Fill-out the following fields and click the "Email your Application" button when you are ready to submit.

#### Province

Choose Province ...

#### City/Municipality

Choose City/Municipality ...

#### Barangay

Choose Barangay ...

#### Business Type

Choose Business Type ...



Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Self-employed and Mixed Income Individuals

## Procedures

BIR New Business Registration  
(NewBizReg) Portal

Full Name of Applicant (Last Name, First Name, Middle Name (if Individual) /  
Registered Name (for Corporation/Nonindividual)

Enter Name of Applicant/Registered Name

### EMAIL INFORMATION

RDO:

TO:

SUBJECT:

EMAIL YOUR APPLICATION

**STEP** Receive an email for the scheduled pick-up of Certificate of Registration and buying of BIR Printed  
Receipts/Invoices or Authority to Print, if applicable.

**5**

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Self-employed and Mixed Income Individuals

## Deadline

ON OR BEFORE THE COMMENCEMENT OF BUSINESS

- a) from the day when the first sale transaction occurred
- b) within thirty (30) calendar days from the issuance of Mayor's Permit/Professional Tax Receipt (PTR) by LGU

which ever comes earlier



## Registration of Books of Accounts



Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices



All corporations, companies, partnerships or persons required by law to pay internal revenue taxes shall keep a journal and a ledger or their equivalents such as subsidiary ledgers, simplified books of accounts.

Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Individuals engaged in business

NEWLY-  
REGISTERED

SUBSEQUENT  
REGISTRATION OF  
BOOKS/RENEWAL

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Newly-Registered

## Documentary Requirements

Registration of Manual Books of Accounts (New or Subsequent)

New sets of permanently bound books of accounts for registration/stamping or the bound journals and/or ledgers

If transacting through a representative (individual)

Special Power of Attorney (SPA)

Any government-issued ID of the authorized representative

Registration of Manual Loose-Leaf Books of Accounts

Permit to Use Loose Leaf Books of Accounts

Permanently bound Loose Leaf Books of Accounts

Affidavit attesting the completeness, accuracy and correctness of entries in Books of Accounts and the number of Loose Leaf used for the period.



Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Newly-Registered

## Procedures

1

Submit duly accomplished BIR Form 1905 at the RDO or concerned office under the Large Taxpayer Service having jurisdiction over the place where the head office and branch is located, respectively



2

Present the manual/loose-leaf books of accounts for Stamping and registration purposes



## Deadline

Newly registered taxpayers shall present the manual books of accounts to the RDO or concerned office under the Large Taxpayer Service where the place of business is located for approval and registration

before the deadline for filing of the first quarterly income tax return or the annual income tax return

whichever comes earlier

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Subsequent Registration of Books/Renewal

## Procedures

1

Submit duly accomplished BIR Form 1905 at the RDO or concerned office under the Large Taxpayer Service having jurisdiction over the place where the head office and branch is located, respectively



2

Present the manual/loose-leaf books of accounts at the RDO or concerned office under the Large Taxpayer Service where the place of business is located for Stamping and registration purposes



## Deadline

The registration of a new set of manual books of accounts shall only be

at the time when the pages of the previously registered books have all been already exhausted, provided, that the portions pertaining to a particular year should be properly labeled or marked by taxpayer

This means that it is not necessary for a taxpayer to register/stamp a new set of manual books of accounts each and every year

Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Newly-Registered

## Procedures

**BIR FORM  
No. 1905**

Application for Registration Information  
Update/Correction/Cancellation



# Newly-Registered Procedures

## BIR FORM No. 1905

(To be filled out by BIR) DLN: \_\_\_\_\_



Republic of the Philippines  
Department of Finance  
Bureau of Internal Revenue

### Application for Registration Information Update/Correction/Cancellation

BIR Form No.  
**1905**  
January 2018 (ENCS)

Fill in applicable spaces. Mark all appropriate boxes with an "X"

#### PART I - TAXPAYER INFORMATION

<b>1 Taxpayer Identification Number (TIN)</b>	<b>2 RDO Code</b>	<b>3 Contact Number</b>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**4 Registered Name** (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)

<input type="text"/>
<input type="text"/>

#### PART II - REASON/DETAILS OF REGISTRATION INFORMATION UPDATE/CORRECTION

5 Replacement/Cancellation of		6 Other Updates
FORM/S	REASON/DETAILS	
<input type="checkbox"/> A. Certificate of Registration (COR)	<input type="checkbox"/> Lost/Damaged	<input type="checkbox"/> Closure of Business <i>(proceed to Number 8)</i>
<input type="checkbox"/> B. Authority to Print (ATP) Receipts/Invoices	<input type="checkbox"/> Change of Accredited Printer as Requested by the taxpayer	<input type="checkbox"/> Change of Civil Status <i>(proceed to Number 9)</i>
<input type="checkbox"/> C. Tax Clearance Certificate of Liabilities (TCL1)	<input type="checkbox"/> Correction/Change/Update of Registration of Information	<input type="checkbox"/> Update of Books of Accounts <i>(proceed to Number 10)</i>
<input type="checkbox"/> D. Taxpayer Identification Number (TIN) Card	<input type="checkbox"/> Others (specify)	<input type="checkbox"/> Avail of 8% Income Tax Rate Option
<input type="checkbox"/> E. Tax Clearance Certificate for Transfer of Property/ies (TCL2)/ Certificate Authorizing Registration (CAR)	<input type="text"/>	<input type="checkbox"/> Others (specify)
<input type="checkbox"/> F. Others (specify)	<input type="text"/>	<input type="text"/>

**7 Correction/Change/Update of Registration Information**

A. CHANGE IN REGISTERED NAME/TRADE NAME

Registered Name                       Trade/Business Name

**New Registered Name/Trade/Business Name**

Old	<input type="text"/>
New	<input type="text"/>

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

**Registration of Books of Accounts**

Application for Authority to Print Receipts and Invoices

# Newly-Registered Procedures

## BIR FORM No. 1905

BIR Form No. 1905 – page 3

10 Books of Accounts					
Type (Manual or Loose)	Type of Books to be Registered	Quantity	Volume		
			From	To	
Date Registered (MM/DD/YYYY)	Permit Number			Date Issued (MM/DD/YYYY)	

Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Newly-Registered

## Procedures

**BIR FORM  
No. 1900**

Application for Authority to Use Computerized  
Accounting System or Components  
thereof/Loose-Leaf Books of Accounts



# Newly-Registered Procedures

## BIR FORM No. 1900

(To be filled up by the BIR) DLN:

ANNEX "A"



Republika ng Pilipinas  
Kagawaran ng Pananalapi  
Kawanihan ng Rentas Internas

### Application for Authority to Use Computerized Accounting System or Components thereof/ Loose-Leaf Books of Accounts

BIR Form No.  
**1900**  
September 2002( ENCS)

Fill in all applicable spaces. Mark all appropriate boxes with an "X".

<b>1 TAXPAYER IDENTIFICATION NUMBER (TIN)</b>	<b>2 RDO CODE</b>
---	-------------------

**3 TAXPAYER'S NAME**

▶ \_\_\_\_\_

(Last Name, First Name, Middle Name, if individual/ Registered Name, if non-individual)

**4 BUSINESS ADDRESS**

▶ \_\_\_\_\_

**5 TYPE/ NATURE OF APPLICATION**

<input type="checkbox"/> <b>A</b> Loose-leaf Books of Accounts and Accounting Records (manual)	<input type="checkbox"/> Cash Disbursement Book
<input type="checkbox"/> <b>B</b> Complete Computerized Accounting System	<input type="checkbox"/> Accts. Payable Book
<input type="checkbox"/> With E-Invoicing <input type="checkbox"/> Without E-Invoicing	<input type="checkbox"/> Accts. Receivable Book
<input type="checkbox"/> <b>C</b> Computerized Books of Accounts	<input type="checkbox"/> Others (specify) _____
<input type="checkbox"/> General Journal <input type="checkbox"/> Disbursement Book	<input type="checkbox"/> <b>E</b> Others (Specify) _____
<input type="checkbox"/> Sales Book <input type="checkbox"/> Others (Specify) _____	
<input type="checkbox"/> Purchase Book	
<input type="checkbox"/> <b>D</b> Computer-generated Subsidiary Accounting Records	
<input type="checkbox"/> Cash Receipt Book <input type="checkbox"/> Debit/Credit Memo Book	

**NOTE: Any change in system, contents and format for computerized accounting system or components thereof would require taxpayer's notification of change and submission of hard copy before phasing out old system, contents and format.**

**6 DECLARATION**

I declare, under the penalties of perjury, that this application has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.

\_\_\_\_\_  
TAXPAYER/AUTHORIZED AGENT  
(Signature over printed name)

\_\_\_\_\_  
TITLE/POSITION OF SIGNATORY

Stamp of BIR Receiving Office  
and Date of Receipt

Attachments complete?  
(To be filled up by BIR )

▶  Yes  No

**ATTACHMENTS :** (Please check appropriate box)



# Application for Authority to Print Receipts and Invoices



Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices



All persons who are engaged in business shall secure from the BIR an Authority to Print receipts or sales or commercial invoice before a printer can print the same.



Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Application for Authority to Print Receipts and Invoices

## Documentary Requirements



Final & clear sample of principal and supplementary receipts/invoices



Photo copy of last issued ATP or Printer's Certificate of Delivery (PCD) or any booklet from the last issued ATP for subsequent application



Permit to Use Loose-Leaf Official Receipts or Sales Invoices\*

*\*applicable for manual loose-leaf official receipts/invoices*

Registration Process (Setting Up the Business)

Application for Tax Identification Number (TIN)

Registration of Books of Accounts

Application for Authority to Print Receipts and Invoices

# Application for Authority to Print Receipts and Invoices

## Procedures

- 1 Accomplish BIR Form 1906 and submit the same together with the documentary requirements to RDO where the HO is located or concerned office under the Large Taxpayer Service
- 2 Keep/File PCD and ATP copy duly received/issued by BIR for audit purposes
- 3 Taxpayer's branch office shall furnish its RDO a copy of the ATP issued by the appropriate BIR office having jurisdiction over the head office.



## Deadline

Secure Application for Authority to Print Receipts and Invoices

on or before the commencement of business

Registration Process (Setting Up the  
Business)

Application for Tax Identification  
Number (TIN)

Registration of Books of Accounts

Application for Authority to Print  
Receipts and Invoices

# Application for Authority to Print Receipts and Invoices

## Procedures

**BIR FORM  
No. 1906**

Application for Authority to Print Receipts  
and Invoices





Registration Process (Setting Up the Business)

# Application for Procedures

# BIR FORM No. 1906

Details of Application for Receipts and Invoices								
16 Manner of Receipts/Invoices <input type="checkbox"/> Bound <input type="checkbox"/> Loose Leaf <input type="checkbox"/> Others								
17 Description of Receipts and Invoices (ATTACH ADDITIONAL SHEET/S IF NECESSARY)								
A. For Principal Receipts and Invoices								
Description	TYPE		NO. OF BOXES/BOOKLETS		NO. OF SETS PER BOX/BOOKLET	NO. OF COPIES PER SET	SERIAL NO.	
	VAT	NON-VAT	LOOSE	BOUND			START	END
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
B. For Secondary Receipts and Invoices								
Description	TYPE		NO. OF BOXES/BOOKLETS		NO. OF SETS PER BOX/BOOKLET	NO. OF COPIES PER SET	SERIAL NO.	
	VAT	NON-VAT	LOOSE	BOUND			START	END
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
18 Declaration I declare, under the penalties of perjury that this application has been made in good faith, verified by me and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. Further, I give consent to the processing of my information as contemplated under the *Data Privacy Act of 2012 (RA No. 10173) for legitimate and lawful purposes.							Stamp of BIR Receiving Office and Date of Receipt	
_____ TAXPAYER/AUTHORIZED REPRESENTATIVE (Signature over Printed Name)					_____ Title/Position of Signatory		Date of Release of Authority to Print <input type="text"/> (MM/DD/YYYY)	

\*Note: The BIR Data Privacy Policy is in the BIR website ([www.bir.gov.ph](http://www.bir.gov.ph))

Registration Process (Setting Up the Business)	Application for Tax Identification Number (TIN)	Registration of Books of Accounts	Application for Authority to Print Receipts and Invoices
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# Application for Authority to Print Receipts and Invoices

## Compromise Penalty

	First Offense	Second Offense
For failure to issue receipts or sales or commercial invoices	P10,000	P20,000
For refusal to issue receipts or sales or commercial invoices	25,000	50,000
For issuance of receipts that do not truly reflect and/or contain all the information required to be shown therein	1,000	2,500
If the information missing is the correct amount of the transaction	2,000	5,000
If the duplicate copy of the invoices is blank but the original copy thereof is detached from the booklet	10,000	20,000
For possession or use of unregistered receipts or invoices	10,000	20,000
For use of unregistered cash register machines in lieu of invoices or receipts	25,000	50,000
For possession or use of multiple or double receipts or invoices	Not subject to Compromise	
For printing or causing, aiding or abetting the printing of:		
a) Receipts or invoices without authority from the BIR	10,000	20,000
b) Double or multiple sets of receipts or invoices	Not subject to Compromise	
c) Receipts or invoices not bearing any of the following: Consecutive numbers · Name of Taxpayer · Business Style · Business address of the person or entity to use the same · Taxpayer Account No. · Name, address, date, authority no. of the printer and inclusive serial numbers of the batch or receipts printed · VAT No., if taxpayer is VAT-registered	5,000	10,000
For failure of the printer to submit the required quarterly report under Sec. 238 of the Tax Code as amended	1,000	3,000





5 mins.

**BREAK**



02

# Basic Income Tax Training



Basic Principles of Taxation

Income Tax Rates

Deductions

Administrative Requirements

OUTLINE



2017



# Basic Principles of Taxation

Basic Principles of Taxation	Income Tax Rates	Deductions	Administrative Requirements
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# Gross Income

Compensation for services, in whatever form paid

Trade or business or the exercise of a profession

Gains derived from dealings in property

Interest

Rents

Royalties

Dividends

Annuities

Prizes and winnings

Pensions

Partner's distributive share from the net income of GPP

# Exclusions from Gross Income

## Miscellaneous Items

- Passive income
- 13th month pay and other benefits up to P90,000
- Income from public utility
- Income from exercise of essential governmental function
- Prizes from religious, charitable, scientific, educational, artistic, literary, or civic achievement
- Prizes and awards granted to athletes in local and international sports competition
- Statutory contributions, and union dues of individuals
- Gains from the sale or retirement of certificate of indebtedness with a maturity of more than five (5) years.
- Gains realized by the investor upon redemption of shares of stock in a mutual fund company



Basic Principles of Taxation

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# Exclusions from Gross Income

De minimis benefit in excess of the prescribed limit

RMC No. 50-2018



# Exclusions from Gross Income

## De minimis benefits

### RMC No. 50-2018

- Monetized unused vacation leave credits of private employees not exceeding ten (10) days during a year;
- Monetized value of vacation and sick leave credits paid to government officials and employees;
- Medical cash allowance to dependents of employees not exceeding P1,500.00 per semester or P250.00 per month;
- Rice subsidy of 2 000.00 or one sack of 50 kg. Rice per month amount to not more than P2, 000.00;
- Uniform and clothing allowance not exceeding 6 000 per annum;
- Actual medical assistance, e.g., medical allowance to cover medical and healthcare needs, annual medical/executive check-ups, maternity assistance, and routine consultations, not exceeding 10 000 per annum;
- Laundry allowance not exceeding 300 per month;

# Exclusions from Gross Income

## De minimis benefits

### RMC No. 50-2018

- Employees achievement awards, e.g. for length of service or safety achievement, which must be in the form of tangible personal property other than cash or gift certificate, with an annual monetary value not exceeding P10,000 received by the employee under an established written plan which does not discriminate in favor of highly paid employees;
- Gifts made during Christmas and major anniversary celebrations not exceeding P5,000 per employee per annum,
- Daily meal allowance for overtime work and night/graveyard shift not exceeding twenty-five percent (25%) of the basic minimum wage on a per region basis.
- Benefits received by an employee by virtue of a collective bargaining agreement (CBA) and productivity incentive schemes provided that the total monetary value received from both CBA and productivity incentive schemes combined do not exceed P10,000.00 per employee per taxable year.



Basic Principles of Taxation

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# Minimum Wage Earner

MWE

a worker in the private sector who is paid with a statutory minimum wage (SMW) rates

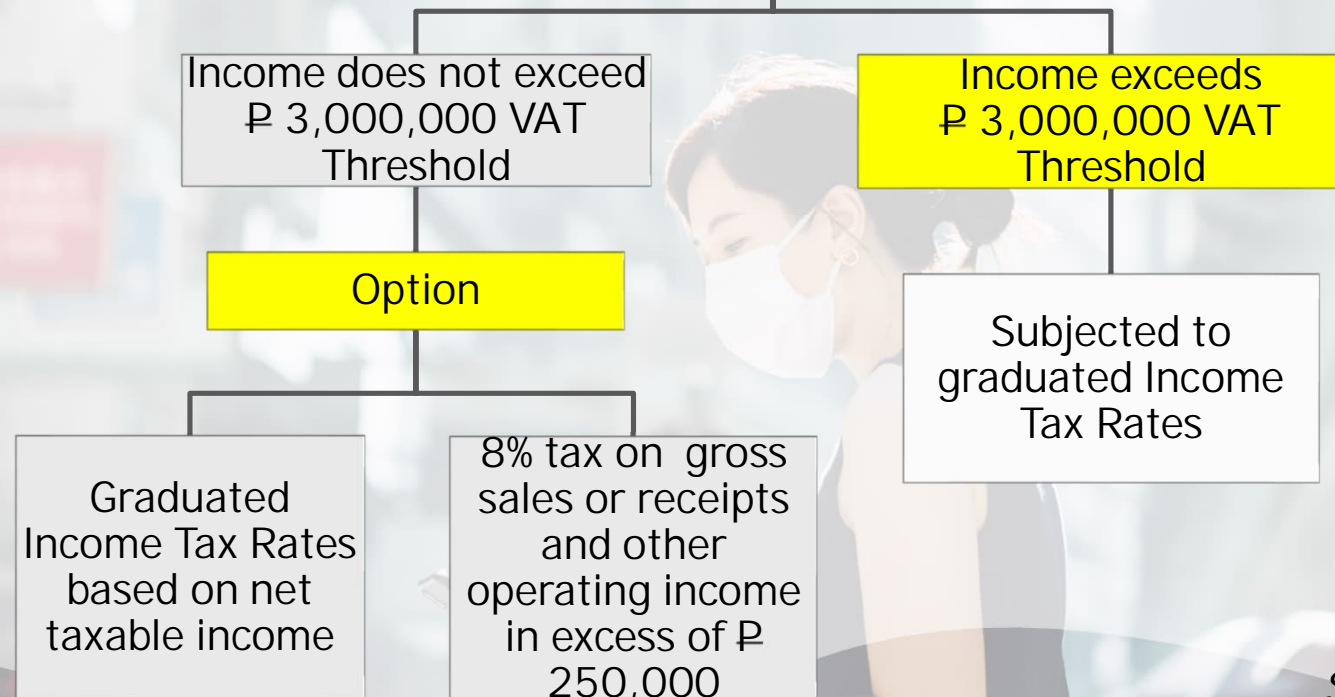
an employee in the public sector with compensation income of not more than the statutory minimum wage rates in the non-agricultural sector where the worker/employee is assigned.

Such statutory minimum wage rates are exempted from income tax. Likewise, the exemption covers holiday pay, overtime pay, night shift differential pay, and hazard pay earned by an MWE.

*(Section 2(i) of RR No. 8-2018)*

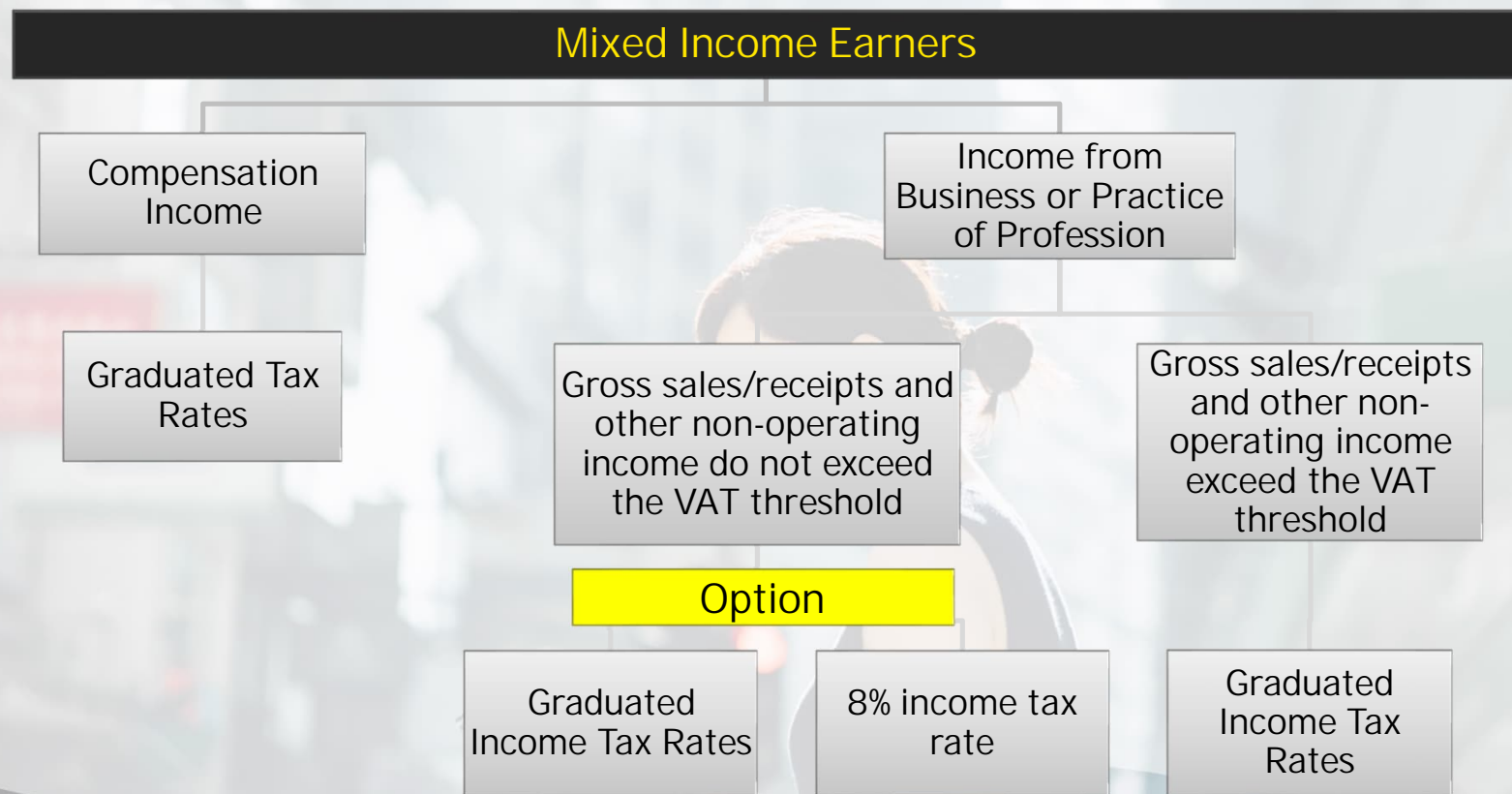
# Purely self-employed and/or professionals

## Individuals Earning Income Purely from Self-Employment or Practice of Profession



Section 3 (C) of RR No. 8-18

# Mixed Income Earners



Section 3(D) of RR No. 8-2018



2017



## Income Tax Rates

Basic Principles of Taxation	Income Tax Rates	Deductions	Administrative Requirements
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# Revised Income Tax Rates

## (Section 3 (A) of RR No. 8-2018)

Effective January 1, 2018 to December 31, 2022

Range of Taxable Income		Tax Due = a + (b x c)		
Over	Not over	Basic Amount (a)	Additional Rate (b)	Of Excess Over (c)
-	250,000	-		-
250,000	400,000	-	20%	250,000
400,000	800,000	30,000	25%	400,000
800,000	2,000,000	130,000	30%	800,000
2,000,000	8,000,000	490,000	32%	2,000,000
8,000,000	-	2,410,000	35%	8,000,000

Effective January 1, 2023 and onwards

Range of Taxable Income		Tax Due = a + (b x c)		
Over	Not over	Basic Amount (a)	Additional Rate (b)	Of Excess Over (c)
-	250,000	-		-
250,000	400,000	-	15%	250,000
400,000	800,000	22,500	20%	400,000
800,000	2,000,000	102,500	25%	800,000
2,000,000	8,000,000	402,500	30%	2,000,000
8,000,000	-	2,202,500	35%	8,000,000

Individuals earning purely compensation income shall be taxed at the graduated income tax rates. (Section 3 (B) of RR No. 8-2018)

Basic Principles of Taxation

Income Tax Rates

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# 8% Income Tax Rate

1

Individuals (Single Proprietor or Professional or Mixed Income Earner) earning from self-employment and/or practice of profession;

3

Taxpayers registered and subject only to percentage tax under Section 116 of the NIRC, as amended; or taxpayers exempt from VAT or other percentage taxes; and

2

Taxpayers whose gross sales/receipts and other non-operating income did not exceed the P 3,000,000 VAT threshold during the taxable year;

4

Must have signified their intention to elect the 8% income tax rate thru any of the enumeration under Section II (7) of RMO No. 23-2018



Basic Principles of Taxation

Income Tax Rates

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# 8% Income Tax Rate

The option to be taxed at 8% is not available to the following:

Purely Compensation Income Earners

A VAT-registered taxpayer, regardless of the amount of gross sales/receipts

Taxpayers exempt from VAT or other percentage taxes whose gross sales/receipts and other non-operating income exceeded the P 3,000,000 VAT threshold during the taxable year

A taxpayer who is subject to other percentage taxes under Title V of the Tax Code, as amended, except those subject under Section 116 of the same Title

Partners of a General Professional Partnership (GPP) cannot avail of the 8% income tax rate option because their distributive share from the GPP is already net of cost and expenses

Individuals enjoying income tax exemption.

Basic Principles of Taxation

Income Tax Rates

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# 8% Income Tax Rate

## Election to avail of the 8% tax rate

At the beginning of each taxable year, all individuals are subjected to graduated income tax rates provided under Section 24 (A)(2)(a) of the Tax Code, as amended.

Self-employed individuals who opted to avail of the 8% income tax rate is effective only for the **current taxable year when the election has been made**, and shall be automatically subjected to the graduated income tax rates at the beginning of the succeeding taxable years.

The Availment of the 8% income tax rate option is **required** to be signified and elected every taxable year, if the taxpayer wishes to be covered by such income tax rate.

Once elected, the income tax rate **shall be irrevocable** and no amendment of option shall be made for the taxable year it has been made.

Basic Principles of Taxation

Income Tax Rates

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## 8% Income Tax Rate

Requirements for self-employed individual qualifying and availing the 8% income tax rate (RMO No. 23-2018)

File the Quarterly Income Tax Return, unless exempted by any revenue issuances

File the Annual Income Tax Return [Financial Statement (FS) is not required to be attached]

Signify the intention to avail the 8% income tax rate every taxable year;

Maintain books of accounts and issue receipts/invoices

Not required to file the Quarterly Percentage Tax Return



Basic Principles of Taxation	Income Tax Rates	Deductions	Administrative Requirements
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# 8% Income Tax Rate

Tax base of self-employed individuals/professionals

Applicable Tax Rate	Tax Base
Graduated Rates	Net Taxable Income
<p>8% tax on gross receipts</p> <p>Self-employed Individuals</p> <p>Mixed Income Earner</p>	<p>Gross sales/receipts and other non-operating income in excess of P 250,000</p> <p>Gross sales/receipts and other non-operating income without the P 250,000 reduction</p>

Basic Principles of Taxation

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# Purely self-employed and/or professionals

## Illustration - 8% option adopted

Ms. EBO operates a convenience store while she offers bookkeeping services to her clients. In 2018, her gross sales amounted to P800,000, in addition to her receipts from bookkeeping services of P300,000. She already signified her intention to be taxed at 8% income tax rate in her 1<sup>st</sup> quarter return.

# Purely self-employed and/or professionals

## Illustration – solution

### Computation of tax due

Gross Sales – Convenience Store	P 800,000
Gross receipts – Bookkeeping	<u>300,000</u>
Total Sales/Receipts	P 1,100,000
Less: Amount allowed as deduction under Sec. 24(A)(2)(b)	P <u>250,000</u>
Taxable Income	P 850,000
Tax Due 8% of P850,000	P68,000.00

*Exempt from 3% percentage tax*



Basic Principles of Taxation

Income Tax Rates

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Administrative Requirements

# Purely self-employed and/or professionals

## Illustration – 8% option NOT adopted

Ms. EBQ above, failed to signify her intention to be taxed at 8% income tax rate on gross sales in her initial Quarterly Income Tax Return, and she incurred cost of sales and operating expenses amounting to P600,000 and P200,000, respectively, or a total of P800,000.

# Purely self-employed and/or professionals

## Illustration - solution

### Computation of tax due

Gross Sales/Receipts	P1,100,000
Less: Cost of sales	<u>600,000</u>
Gross Income	P 500,000
Less: Operating Expenses	<u>200,000</u>
Taxable Income	P 300,000

Tax Due	
On excess (P300,000 - P250,000) x 20%	P10,000.00

*Liabli also to 3% percentage*

Basic Principles of Taxation

Income Tax Rates

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# Purely self-employed and/or professionals

## Illustration – 8% option adopted but breached P3M threshold

Mr. JMLH signified his intention to be taxed at 8% income tax rate on gross sales in his 1<sup>st</sup> Quarterly Income Tax Return. He has no other source of income. His total sales for the first three (3) quarters amounted to P3,000,000 with 4<sup>th</sup> quarter sales of P3,500,000.



Basic Principles of Taxation	Income Tax Rates	Deductions	Administrative Requirements
------------------------------	------------------	------------	-----------------------------

# Purely self-employed and/or professionals

## Illustration - solution

### Computation of taxable income

	<i>1<sup>st</sup> Quarter</i>	<i>2<sup>nd</sup> Quarter</i>	<i>3<sup>rd</sup> Quarter</i>	<i>4<sup>th</sup> Quarter</i>
Total sales	P500,000	P500,000	P2,000,000	P3,500,000
Cost of Sales	<u>300,000</u>	<u>300,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Gross Income	P200,000	P200,000	P800,000	P2,300,000
Operating exp.	<u>120,000</u>	<u>120,000</u>	<u>480,000</u>	<u>720,000</u>
Taxable Income	P80,000	P80,000	P320,000	P1,580,000

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# Purely self-employed and/or professionals

## Illustration - solution

### Computation of tax due

Total Sales	P6,500,000	
<i>Less: Cost of Sales</i>	<u>3,000,000</u>	
Gross Income	P3,500,000	
<i>Less: Operating Expenses</i>	<u>1,440,000</u>	
Taxable Income	P2,060,000	
Income Tax Due		P509,200
Tax Due under the graduated rates		
<i>Less: 8% income tax previously paid (Q1 to Q3)</i>		
(P3,000,000 – P250,000) x 8%		<u>220,000</u>
Annual Income Tax Payable		P289,200

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# Mixed Income Earners

## Illustration -

Mr. MAG, a Financial Comptroller of JAB Company, earned annual compensation in 2018 of P1,500,000, inclusive of 13<sup>th</sup> month and other benefits in the amount of P120,000 but net of mandatory contributions to SSS and PhilHealth. Aside from employment income, he owns a convenience store, with gross sales of P2,400,000. His cost of sales and operating expenses are P1,000,000 and P600,000, respectively, and with non-operating income of P100,000.00.



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# Mixed Income Earners

## Illustration

Mr. MAG, a Financial Comptroller of JAB Company, earned annual compensation in 2018 of P1,500,000, inclusive of 13<sup>th</sup> month and other benefits in the amount of P120,000 but net of mandatory contributions to SSS and PhilHealth. Aside from employment income, he owns a convenience store, with gross sales of P2,400,000. His cost of sales and operating expenses are P1,000,000 and P600,000, respectively, and with non-operating income of P100,000.00.

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# Mixed Income Earners

## Illustration – 8% option adopted

Option adopted: 8% income tax on business tax

Total compensation income	P1,500,000
<i>Less: Non-taxable 13<sup>th</sup> month pay and other benefits (max)</i>	<u>P90,000</u>
Taxable Compensation Income	P1,410,000

Tax Due:

On Compensation	
On P800,000.00	P130,000
On excess (P1,410,000 – P800,000) x 30%	<u>183,000</u>
Tax Due on Compensation Income	P313,000

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# Mixed Income Earners

## Illustration – 8% option adopted

Continuation:

On Business Income

Gross Sales

P2,400,000

*Add:* Non-operating Income

100,000

Taxable Business Income

P2,500,000

Multiplied by: Income tax rate

8%

Tax Due on Business Income

P200,000

Total Income Tax Due(Compensation and Business)

P513,000.00



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# Mixed Income Earners

## Illustration - Option adopted: Graduated income tax rates

Total compensation income		P1,500,000
Non-taxable 13 <sup>th</sup> month pay and other benefits (max)		<u>P90,000</u>
Taxable Compensation Income		P1,410,000
<i>Add: Taxable Income from Business</i>		
Gross Sales	P2,400,000	
<i>Less: Cost of Sales</i>	<u>1,000,000</u>	
Gross Income	P1,400,000	
<i>Less: Operating Expenses</i>	<u>600,000</u>	
Net Income from Operation	P800,000	
Non-operating Income	<u>100,000</u>	<u>900,000.00</u>
Total Taxable Income		P2,310,000.00

# Mix Income Earners

## Illustration - Option adopted: Graduated income tax rates

Continuation:

Tax Due

On P2,000,000.00

P490,000

On excess (P2,310,000 – P2,000,000) x 30%

99,200

Total Income Tax

P589,200

- *Liable to 3% percentage of P72,000 (3% x P2,400,000)*

2017



# Deductions



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# General Rules

Taxpayers must:

- (1) point to specific provisions of the statute authorizing the deduction.
- (2) prove he is entitled for deductions are strictly construed against them

Expenses can be allowed as deduction only if it is shown that the tax required to be deducted and withheld therefrom has been paid to the BIR.

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# Allowable Deductions

Itemized Deduction

Optional Standard  
Deduction (OSD)

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# Allowable Deductions

## Individuals

may elect an OSD of 40% of gross sales/receipts except for those who opted to be taxed at 8% income tax on their income from business/practice of profession

Exception: Non Resident Alien



# Optional Standard Deduction

## Example:

Suppose a retailer of goods, whose accounting method is under the accrual basis has a gross sales of P1,000,000 with a cost of sales amounting to P800,000. The computation of the OSD for corporations shall be determined as follows:

• Gross sales	P1, 000,000
• Less: Cost of Goods Sold	<u>800,000</u>
• Basis of the OSD	P 200,000
• x OSD Rate (maximum)	<u>40%</u>
• OSD Amount	<u>P 80,000</u>

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# Itemized Deduction



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# Expenses – General Requirements

Ordinary and necessary  
expenses

Substantiated by  
adequate proof

Not contrary to law,  
morals, public policy or  
order

Withholding taxes are  
properly withheld and  
remitted on time



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# Items not deductible

Personal living  
expense

Amount paid  
to increase  
the value of  
property

Losses on  
property sales  
between  
related party

Amount  
expended in  
restoring  
properties

Premium paid  
on life  
insurance  
when the  
taxpayer is  
the  
beneficiary

2017



# Administrative Requirements

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# Tax Return Filing and Payment

## Individuals

4 Page  
**ITR**

- ▶ Personal profile and Information
- ▶ Gross sales receipts/ Compensation income
- ▶ Allowable deductions/ Taxable income
- ▶ Income tax due and payable



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# Tax Return Filing and Payment

## Persons exempt from filing individual ITR



- ▶ Taxable income does not exceed **PHP 250,000**
- ▶ Persons qualified for **substituted filing**

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# Tax Return Filing and Payment

## Substituted filing of ITR

### Requisites

- 1 employer in the Philippines
- Income tax correctly withheld
- Purely compensation income earner

*Should be stamped with - "received by BIR"*

**Certificate of Compensation Payment/Tax Withheld**  
BIR Form No. 2316  
July 2008 (ENCS)

For Compensation Payment With or Without Tax Withheld

1 For the Year (YYYY) 2021 2 For the Period From (MM/DD) To (MM/DD)

Part I Employee Information

3 Employee Identification No. 4 Employee's Name (Last Name, First Name, Middle Name) 5 RDO Code

6 Registered Address 6A Zip Code 6B Local Home Address 6C Zip Code 6D Foreign Address 6E Zip Code

7 Date of Birth (MM/DD/YYYY) 8 Telephone Number

9 Exemption Status Single Married 10 Is the wife claiming the additional exemption for qualified dependent children? Yes No

10 Name of Qualified Dependent Children 11 Date of Birth (MM/DD/YYYY)

12 Statutory Minimum Wage rate per day 13 Statutory Minimum Wage rate per month 14 Minimum Wage Earner whose compensation is exempt from withholding tax and not subject to income tax

Part II Employer Information (Present)

15 Employer Identification No. 16 Employer's Name 17 Registered Address 17A Zip Code

Part III Employer Information (Previous)

18 Employer Identification No. 19 Employer's Name 20 Registered Address 20A Zip Code

Part IVA Summary

21 Gross Compensation Income from Present Employer (Item 41) 22 Less: Total Non-Taxable/Exempt (Item 41) 23 Taxable Compensation Income from Present Employer (Item 41) 24 Add: Taxable Compensation Income from Previous Employer 25 Gross Taxable Compensation Income 26 Less: Total Exemptions 27 Less: Premium Paid on Health and Welfare Insurance (if applicable) 28 Net Taxable Compensation Income 29 Tax Due

30 Amount of Taxes Withheld 30A Present Employer 30B Previous Employer 31 Total Amount of Taxes Withheld (As indicated)

Part V Compensation Details

32 Basic Salary/Statutory Minimum Wage Minimum Wage Earner (MWE) 33 Holiday Pay (MWE) 34 Overtime Pay (MWE) 35 Night Shift Differential (MWE) 36 Hazard Pay (MWE) 37 13th Month Pay and Other Benefits 38 De Minimis Benefits 39 SSS, GSIS, PHIC & Pag-ibig Contributions, & Union Dues (Employee share only) 40 Salaries & Other Forms of Compensation 41 Total Non-Taxable/Exempt Compensation Income

Part VI Taxable Compensation Income REGULAR

42 Basic Salary 43 Representation 44 Transportation 45 Cost of Living Allowance 46 Flood Housing Allowance 47 Others (Specify) 47A 47B

Part VII SUPPLEMENTARY Compensation

48 Commission 49 Profit Sharing 50 Fees including Director's Fees 51 Taxable 13th Month Pay and Other Benefits 52 Hazard Pay 53 Overtime Pay 54 Others (Specify) 54A 54B 54C 54D 55 Total Taxable Compensation Income

Part VIII CONFIRMATION

56 Present Employer Authorized Agent Signature Over Printed Name Date Signed



57 Employee Signature Over Printed Name Date of Issue Amount Paid

58 Present Employer Authorized Agent Signature Over Printed Name (Place of Issuance) Human Resource or Authorized Representative

59 Employee Signature Over Printed Name

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# BIR Form 1701 & 1701A

BIR Form 1701	BIR Form 1701A
<p>Annual Income Tax Return For Individuals (including MIXED Income Earner), Estates and Trusts</p> <p style="text-align: center;">   <a href="#">1701 Jan 2018 final with rates.pdf</a> </p>	<p>Annual Income Tax Return For Individuals Earning Income PURELY from Business/Profession (Those under the graduated income tax rates with OSD as mode of deduction OR those who opted to avail of the 8% flat income tax rate)</p> <p style="text-align: center;">   <a href="#">1701A Jan 2018 v5 with rates.pdf</a> </p>



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# Tax Return Filing and Payment

## Individuals

FS attachment to ITR

8% income tax

Graduated  
income tax rates

VAT threshold  
breached?

Not required

N

FS

Y

Audited FS

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# Tax Return Filing and Payment

## Deadline for individual income tax declaration

PERIOD	DEADLINE (1997 TAX CODE)	PERIOD	DEADLINE (RA NO. 10963)
1 <sup>st</sup> Q	APRIL of the same taxable year	1 <sup>st</sup> Q	MAY of the same taxable year
4 <sup>th</sup> (ANNUAL)	15 of the following taxable year	15	

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# Tax Return Filing and Payment

Particulars	
 <p>Deadline of 2<sup>nd</sup> installment payment*</p>	 <p>15 following the close of the calendar year</p>

*\*When a tax due is in excess of Two thousand pesos (PHP 2,000), the taxpayer other than a corporation (i.e., individual taxpayer), may elect to pay the tax in two (2) equal installments.*



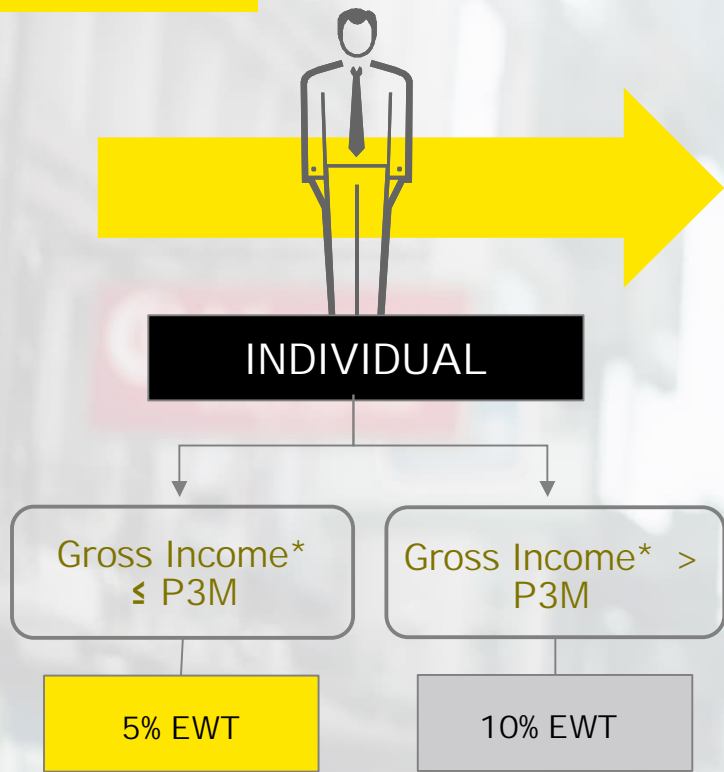
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# Tax Return Filing and Payment

	Quarterly	Annual
Filing Deadline	Individuals engaged in business/ practice of profession, regardless of amount of sales/receipts, are required to file QITR on or before May 15, August 15 and November 15 for the 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters of the current year, respectively pursuant to Section 74(A) of the Tax Code as amended.	Not later than 15 <sup>th</sup> day of the 4 <sup>th</sup> month following the close of the calendar year or April 15 as provided under Section 51 (C)(1) of the Tax Code as amended.
Payment Deadline	On or before May 15, August 15 and November 15 for the 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters of the current year, respectively.	Not later than 15 <sup>th</sup> day of the 4 <sup>th</sup> month following the close of the calendar year or April 15 as provided under Section 51 (C)(1) of the Tax Code as amended.

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# Applicable Withholding Tax Rate



Commissions, rebates, discounts and other similar considerations paid/granted to independent and/or exclusive sales representatives and marketing agents and sub-agents of companies, including multi-level marketing companies

**ATC  
WI515**

If gross income for the current year did not exceed P 3M

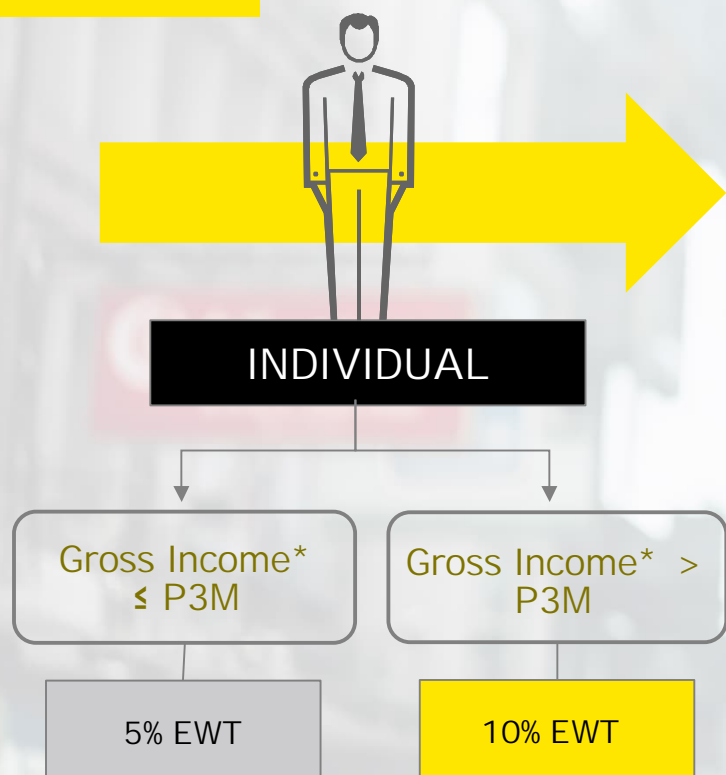
- ✓ a sworn declaration of his/her gross receipts/sales
- ✓ a copy of Certificate of Registration (COR)

*Not later than January 15 of each year or at least prior to the initial payment of the professional fees/commissions/talent fees, etc.*

Effective January 1, 2018

\*Wordings based on RR No. 11-2018. However, Annexes B-1 and B-2 indicated 'gross receipts/sales' as materiality threshold.

# Applicable Withholding Tax Rate



Commissions, rebates, discounts and other similar considerations paid/granted to independent and/or exclusive sales representatives and marketing agents and sub-agents of companies, including multi-level marketing companies

**ATC  
WI516**

If gross income is more than P 3M or VAT Registered regardless of amount

- ✓ failure of payee to provide income payor/withholding agent of the sworn declaration statement
- ✓ income payment exceeds P3M, despite receiving the sworn declaration from the income payee
- ✓ his gross sales or receipts is more than 3M or he is VAT-Registered, regardless of amount of his gross sales or receipts

Effective January 1, 2018

\*Wordings based on RR No. 11-2018. However, Annexes B-1 and B-2 indicated 'gross receipts/sales' as materiality threshold.



# Exemption from Withholding Tax



Individuals who earn P 250,000.00 and below from a lone income payor

Exempt upon compliance with the following requirements:

- a. The individual has executed a payee's sworn declaration of gross receipts in accordance with the format per Income Payee's Sworn Declaration of Gross Receipts/Sales (For Self-Employed and/or Engaged in the Practice of Profession with Lone Income Payor).
- b. The sworn declaration has been submitted to the lone income payor/withholding agent on or before January 15 of each year or before the initial income payment, whichever is applicable.

*Section 2.57.5 of RR No. 2- 98 further amended in Section 4 of RR No. 11 - 2018.*



Thank You !