



TAX TWEETS

a monthly publication of Reyes Tacandong & Co. Tax Division

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Tax Tweets is Reyes Tacandong & Co.'s official monthly publication which highlights select and significant issuances and advisories of various government agencies including the Bureau of Internal Revenue (BIR), Securities and Exchange Commission (SEC), Bureau of Customs (BOC), Fiscal Incentives Review Board (FIRB), Philippine Economic Zone Authority (PEZA), and other regulatory bodies.

This Tax Tweets Issue covers select and significant issuances and advisories from MAY 2026.

BIR Issuances

REVENUE REGULATIONS

Prescribing Guidelines and Procedures for the Availment of a One Time Abatement of Taxes and/or Penalties for Micro Taxpayers

Revenue Regulations No. 4-2026

Date Posted (BIR Website): 22 June 2026

The regulation introduces a one-time tax abatement program aimed at helping micro taxpayers settle their outstanding tax liabilities in a simplified and affordable manner. To qualify, taxpayers must meet the definition of a micro taxpayer, meaning they have gross sales of less than ₱3,000,000 annually.

The following cases of micro taxpayers with delinquent or assessed basic tax or penalties of not more than Eighty Thousand Pesos (₱80,000.00) may be applied for abatement:

- a. Delinquent Accounts;
- b. Cases with administrative protest pending in the Regional Office, Revenue District Office, Legal Service thru Appellate Division, Collection Service, Enforcement Service and other Offices in the National Office;
- c. Tax cases being disputed before the Department of Justice and the courts, i.e., the Municipal Trial Courts (MTC), Regional Trial Courts (RTC), Court of Tax Appeals (CTA), Court of Appeals (CA), and the Supreme Court (SC), including decided cases which are not yet final and executory;
- d. Tax Collection Cases filed with the Courts;

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- e. Cases with pending request for Compromise Settlement which are under evaluation by the Technical Working Group (TWG)-National Evaluation Board (NEB), TWO-Regional Evaluation Board (REB), NEB and REB;
- f. Cases with pending request for abatement under RR No. 13-2001 for evaluation by the Commissioner of Internal Revenue or his authorized representative;
- g. Criminal violations, except those already filed in Court, such as those under the Run After Tax Evaders (RATE) Program of the Bureau, and other tax fraud cases, unless allowed to avail by the Commissioner or his duly authorized representative on meritorious grounds;
- h. Accounts Payable or Due to BIR" accounts duly recorded or acknowledged by the taxpayers in their books of accounts; and
- i. No basic tax due but the threshold amount involves penalties due.

The ₱80,000.00 threshold shall refer to the total basic tax liabilities and/or penalties arising from violations of the NIRC of 1997, as amended, covering all of the above-mentioned cases for a taxable year.

Eligible cases include those under administrative review, judicial proceedings, collection cases, pending compromise or abatement applications, and certain criminal violations (subject to approval). The program also applies even where only penalties are due.

Applicants are required to manually file an application with the appropriate Revenue District Office (RDO) on a per taxable year basis, clearly indicating the tax types and amounts involved. Upon filing, a fixed abatement fee of ₱5,000 must be paid within five (5) working days, with proof of payment submitted within the same timeframe. The fee is non-refundable but may be credited as partial payment in case of denial.



Once approved, the taxpayer will be issued a Certificate of Availment, which serves as proof of compliance and results in the closure of the covered tax case.

The program may be availed until December 31, 2026, unless extended by the Secretary of Finance upon the recommendation of the Commissioner of Internal Revenue.

REVENUE MEMORANDUM CIRCULARS

Further clarifying the provisions of Revenue Regulations No. 3-2025 to implement Republic Act No. 12023, titled "An Act Amending Sections 105, 108, 109, 110, 113, 114, 115, 128, 236 and 288 and Adding New Sections 108-A and 108-B of the National Internal Revenue Code of 1997, as amended," imposing the Value-Added Tax on Digital Services

Revenue Memorandum Circular No. 59-2026
Date Posted (BIR Website): 02 June 2026

This Circular addresses issues regarding the implementation of VAT on Digital Services under RR 3-2025. The Circular reiterates that a nonresident digital service provider is still required to register with the BIR regardless if its digital services to the Philippines is subject to VAT or is VAT-exempt. Should the sales be VAT-exempt, this shall be indicated as VAT-exempt sales in the VAT returns.

The Circular likewise states that in cross-border cost-sharing arrangements involving (i) foreign digital service provider, (ii) foreign affiliate contracting for digital services, and (iii) a Philippine subsidiary ultimately consuming the digital service, the foreign supplier is considered as NRDSP and shall not be required to register with BIR unless it is also supplying digital service transactions subject to VAT to other Philippine consumers. Here, the foreign affiliate is required to register with the BIR if it has control on the key aspects of the supply of digital services to its Philippines subsidiary, as follows:

- i. Sets, directly or indirectly, any of the terms and conditions under which the supply of the digital services is made (i.e. price, payment terms, delivery conditions); or
- ii. Is involved, directly or indirectly, in the ordering or delivery of digital services, that is, having influence over the conditions of deliver, transmission of approval to supplier, and provision of order fulfillment services.

Since the above arrangement is a B2B transaction, it shall be the Philippine subsidiary's obligation to file the required VAT return and withhold.

The Circular clarifies that a nonresident corporation engaged solely in facilitating real-time fund transfers between parties to a digital transaction and not operating as an e-commerce platform is subject to the 12% VAT imposed on the digital service if it collects service fees to a client located in the Philippines for the use of its services. The 12% VAT shall be based on the amount of service fee collected.

Further, the Circular explains that when payments are made directly to the NRDSP instead of the e-marketplace, the e-marketplace may still be considered a digital service provider or e-marketplace for VAT compliance purposes even if it does not directly receive payments for the digital services sold through its platform since it collects the VAT payments in advance. In such cases, the e-marketplace that collects VAT payments in advance shall be liable to file BIR Form 2550-DS and remit the 12% VAT on the covered B2C transaction.

Amendment of Revenue Memorandum Circular No. 116-2024 re: Inclusion of Lifeline Subsidy and Green Energy Auction Allowance as Government Mandated Charges Not Subject to Output Tax and Creditable Withholding Tax on VAT and Income

Revenue Memorandum Circular No. 60-2026
Date Posted (BIR Website): 04 June 2026

This Circular amends Q&A No. 3 of RMC No 116-2024 and includes Lifeline Subsidy under Section 1 of ERC Res. No. 02, Series of 2026 and Green Energy Auction Allowance (GEA-All) under ERC Res. No. 6, Series of 2025 into the list of government charges not subject to Output Tax and Creditable Withholding Tax on VAT and Income.

Supplemental Guidelines on the Generation of Registration Seal Badge via the Online Registration and Update System (ORUS) for Taxpayers with No Updates on Certificate of Registration (COR) Pursuant to Revenue Memorandum Circular No. 38-2026

Revenue Memorandum Circular No. 64-2026
Date Posted (BIR Website): 18 June 2026

This Circular provides guidelines for existing business taxpayers with COR or Electronic COR (eCOR) without a corresponding Registration Seal Badge and whose registration information has no updates. Said taxpayers may generate their Registration Seal Badge through the Bureau of Internal Revenue's ORUS.



Clarification on the Extension of the Validity of Certificates of Compliance (COC) for Purposes of the Evaluation and Processing of Applications for Certificate of Tax Exemption (CTE) for Cooperatives Pursuant to the Cooperative Development Authority Memorandum Circular No. 2026-07, Series of 2026

Revenue Memorandum Circular No. 71-2026

Date Posted (BIR Website): 24 June 2026

This Circular extends until May 31, 2026 the period of validity of all Certificates of Compliance (COC) issued for Calendar Year 2025 originally expiring on April 30, 2026 and correspondingly granted cooperatives additional time to comply with reportorial requirements without penalties. Hence, COCs for Calendar Year 2025 bearing an original expiry date of April 30, 2026 shall be recognized as valid and subsisting until May 31, 2026 for purposes of evaluating and processing applications for CTE filed within the extended validity period, subject to verification and existing audit procedures.

Clarifying the Tax Treatment of Transfers of Proprietary Club Shares held under Nominee or Trust Agreements, Dispensing with Prior Confirmatory Ruling Subject to Post-Audit Verification

Revenue Memorandum Circular No. 72-2026

Date Posted (BIR Website): 30 June 2026

This Circular clarifies that transfers of proprietary club shares between nominee or trustee officers are not subject to capital gains tax, documentary stamp tax, or donor's tax, provided the corporation remains the true beneficial owner and no consideration is involved. It also removes the need for a prior BIR confirmatory ruling, subject instead to proper documentation and possible post-audit verification.

Providing Extension of the Deadlines for the Filing of Tax Returns and Payment of the Corresponding Taxes Due Thereon, Including Submission of Required Documents for Taxpayers Affected by the Recent Earthquake in Revenue Region No. 18 - South Central Mindanao

Revenue Memorandum Circular No. 62-2026

Date Posted (BIR Website): 09 June 2026

This circular grants relief to taxpayers affected by the recent earthquake within the South Central Mindanao jurisdiction. Pursuant to Section 3 of Revenue Regulations No. 13-2024, the BIR extended the deadline for the filing of tax returns and payment of the corresponding taxes due thereon, including the submission of required attachments, until June 30, 2026. This is to allow affected taxpayers sufficient time to comply with their tax obligations despite disruptions to business operations and access to vital records. The extension applies to taxpayers under RDO No. 110 (General Santos City and Sarangani) and RDO No. 111 (South Cotabato). Taxpayers covered by the Circular will not be subject to penalties, surcharges, or interest, provided that the applicable tax returns, payments and submissions are made within the extended period.

SEC Issuances

Extending the Discounted Fees for Registration of Securities For Micro Small and Medium Enterprises (MSMEs)

SEC Memorandum Circular No. 19 Series of 2026

Date Posted (SEC Website): 17 June 2026

This SEC Memorandum Circular extends the discounted filing fees for the registration of securities by qualified Micro, Small, and Medium Enterprises (MSMEs). The circular is grounded on the Securities and Exchange Commission's authority under the Revised Corporation Code and the government's mandate under the Magna Carta for MSMEs to support and encourage MSME growth.

The circular recognizes MSMEs as a key part of the Philippine economy and aims to reduce regulatory costs, encourage capital formation, and broaden MSME participation in the capital market. It continues the SEC's prior grant of discounted fees under earlier memorandum circulars issued in 2025 and 2026.

Under the extension, qualified MSME applicants may avail of a 50% discount on the assessed filing fee for the registration of securities. The coverage includes certain qualified issuers under existing SEC programs, such as power generation and distribution utility companies, real estate developers or managers, agri-business corporations, and hospitals, subject to the applicable SEC memorandum circulars.

COVERAGE AND CONDITIONS FOR AVAILMENT

At the time of filing, applicants should fall under the definition of MSMEs, as provided under Section 3 of RA No. 9501, as follows:

CLASSIFICATION	ASSET SIZE
MICRO	Not more than PHP3,000,000.0
SMALL	PHP 3,000,001.00 - PHP15,000,000.00
MEDIUM	PHP 15,000,001.00 - PHP100,000,000.00



To qualify for the discount, the following conditions must be complied with by the applicant:

- a. Submit a Certification of MSME Qualification, executed by the President or Treasurer, stating the company's total assets, inclusive of those arising from loans but exclusive of the land on which the business entity's office, plant, and equipment are situated, consistent with Section 3 of RA No. 9501; and
- b. Except for agri-business corporations filing for the registration of securities pursuant to SEC MC No. 8, s. 2023 (SEC FARMS), an applicant must have a paid-up capital of Twenty-Five Million Pesos (PHP 25,000,000.00).

FIRB Issuances

Circularizing Office of the President Memorandum Order No. 47, s.2026, Approving the 2026 Strategic Investment Priority Plan

FIRB Advisory 009-2026

Issued on: 04 June 2026

This Advisory circularizes the Office of the President Memorandum Order No. 47, s. 2026, entitled "Approving the 2026 Strategic Investment Priority Plan", which was signed by the President on 21 May 2026.

The SIPP contains the priority projects and activities entitled to fiscal incentives under Title XIII of the National Internal Revenue Code of 1997, as amended, and provides for the locational categorization and tiering pursuant to Section 296 of the same Code.



TAX TWEETS

was conceptualized to provide and disseminate information on the latest news, issues and trends in Philippine taxation.

FOR YOUR COMMENTS AND SUGGESTIONS,
PLEASE CONTACT:

Feliza A. Peralta

faperalta@revestacandong.com

Atty. Eleanor M. Montenegro

mcemmontenegro@revestacandong.com

Tax Partners:

Glenn Ian D. Villanueva

Atty. William Benson S. Gan

Mary Josephine D. Tesalona

Atty. Rommel T. Geocaniga

Atty. Arvin Stephen L. Molina

Atty. Sheryl Ann Tizon-Lalucis

Joel M. Ganalón

Atty. Jessieh Rey B. Curammeng

Riozaldy M. Cuyson

Atty. Ryan M. Liggayu

Atty. Senen Antonio B. Lainez

Atty. John Emil F. Recuenco

Editorial Team:

Atty. Aaron Franz S. Aurelio

Atty. Micah Regina A. Gonzales

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Atty. Jewel Joice G. Daytia

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