

[BIR REVENUE MEMORANDUM CIRCULAR NO. 61-2003, October 06, 2003]

ISSUANCE OF VAT INVOICE/RECEIPT FOR NON-VAT/EXEMPT SALE OF GOODS, PROPERTIES OR SERVICES

I. BACKGROUND:

As provided under Section 113 of the National Internal Revenue Code of 1997 (Code), *"a VAT-registered person shall, for every sale, issue an invoice or receipt. In addition to the information required under Section 237, the following information shall be indicated in the invoice or receipt:*

"(1) A statement that the seller is a VAT-registered person, followed by his taxpayer's identification number (TIN); and

"(2) The total amount which the purchaser pays or is obligated to pay the seller with the indication that such amount includes the value-added tax. xxx"

Corollary thereto, Sec.4.108-1 of Revenue Regulations No. 7-95, as amended, in part, likewise provides that if a VAT-registered person is also engaged in non-VAT (exempt) transactions, the rule is that he is not allowed to issue VAT invoice/receipt on said non-VAT transactions. A "VAT invoice/receipt" shall be issued only for sales of goods, properties or services subject to VAT imposed in Sections 106 and 108 of the Code. Thus, he should use separate invoices receipts for taxable and exempt transactions.

The ultimate paragraph of Section 109 of the same Code cites the consequence of issuing a VAT-invoice/receipt by a VAT-registered person for his exempt transactions, viz:

"The foregoing exemptions to the contrary notwithstanding, any person whose sale of goods or properties or services which are otherwise not subject to VAT, but who issues a VAT invoice or receipt therefor shall, in addition to his liability to other applicable percentage tax, if any, be liable to the tax imposed in Section 106 or 108 without the benefit of input tax credit, and such tax shall be recognized as input tax credit to the purchaser under Section 110, all of this Code."

Whereas, prior to Republic Act No. 8424, otherwise known as the "Tax Reform Act of 1997", purchasers of exempt goods, properties or services were not allowed to claim input tax credits on exempt transactions with issued VAT-invoices/receipts, beginning January 1, 1998, however, with the deletion of the word "not" in the phrase "such tax shall not be recognized as input tax credit to the purchaser xxx xxx" (underscoring supplied), of the aforesaid provision, purchasers thereof are no longer precluded from claiming the corresponding input tax on their purchases of exempt goods, properties or services evidenced by VAT invoices/receipts issued by a