

[BIR REVENUE MEMORANDUM CIRCULAR NO. 8-99, January 20, 1999]

REQUIREMENT THAT OUTPUT TAX ON THE SALE OF GOODS, PROPERTIES AND SERVICES NOT TO BE SEPARATELY INDICATED IN THE SALES INVOICE OR OFFICIAL RECEIPT

Republic Act No. 7716, otherwise known as the Expanded Value Added Tax Law, amended Section 100(d)(1) and Section 102(c) of the Tax Code on the determination of tax [now Section 106(D)(1) and Section 108(C) of the 1997 Tax Code] which now provides that the tax shall be computed by multiplying the total amount indicated in the invoice/receipt by one-eleventh. This amendatory provision repealed the option of the VAT-registered taxpayers to bill the tax as a separate item in the invoice/receipt.

The aforementioned provision was consequently implemented by Revenue Regulations No. 7-95 under Sec. 4.100-6 thereof which provides that *"The output tax on the sale of goods or properties during the month or quarter shall be computed by multiplying the amount indicated in the invoice by 1/11"* and Sec. 4.104-04 which likewise provides that *"In the sale of goods, properties or services, VAT is computed by multiplying the total amount indicated in the invoice or receipt by 1/11."* Thus, beginning January 1, 1996, the date when Rev. Regs. No. 7-95 became effective, VAT-registered taxpayers were no longer given the option to indicate the VAT as a separate item in the invoice/receipt.

However, despite the abolition of such option, certain VAT-registered taxpayers have continuously neglected compliance with the new requirement by still issuing sales invoices/receipts with the VAT separately billed thereon. Hence, this Circular is intended to reiterate upon all VAT-registered taxpayers that in issuing sales invoices/receipts, the value added tax corresponding thereto should no longer be indicated as a separate item therein and that the gross amount as written on such sales invoices/receipts are considered as already made inclusive of the tax due thereon.

All revenue officials concerned are requested to give this Circular as wide publicity as possible.

Adopted: 20 Jan. 1999

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