

# ADVISORY

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**Subject** Amended Provisions Relative to VAT

**Date** March 22, 2018

On March 19, 2018, BIR issued Revenue Regulations (RR) No. 13-2018 dated March 15, 2018 implementing the VAT provisions under RA No. 10963 or the TRAIN Law, further amending RR No. 16-2005.

To wit, amendments are as follows (but not limited to):

- I. Indirect exporters shall be subject to VAT upon successful establishment and implementation of an enhanced VAT refund system (EVRS) and other conditions.
- II. Composition of VAT Exempt transactions:
  - a. VAT threshold amounting to P3M;
  - b. P15K monthly rental on lease of residential unit;
  - c. VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of business, sale of real property utilized for socialized housing as defined by RA 7279, sale of house and lot, and other residential dwellings with selling price of not more than P2,000,000 (Effective January 1, 2021);
  - d. Importation of fuel, goods, and supplies by persons engaged in international shipping or air transport operations provided, that the fuel, goods, and supplies shall be used for international shipping or air transport operations;
  - e. Sale or lease of goods and services to senior citizens and persons with disability;
  - f. Transfer of property pursuant to Section 40(C)(2) of the NIRC, amended;
  - g. Association dues, membership fees, and other assessments and charges collected on a purely reimbursement basis collected by homeowners' associations and condominium corporations;
  - h. Sale of gold to the BSP;
  - i. Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension (effective on January 1, 2019);
- III. Persons exempt from VAT and shall be exempt from the payment of 3% tax such as cooperatives, and self-employed individuals or professionals availing of the 8% income tax rate option;
- IV. Amortization of input VAT on capital goods shall be allowed until December 31, 2021, any unutilized input vat on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized.
- V. Claiming of refund/credit of input tax (90 days), cancellation of VAT registration, its update and invoicing requirements;
- VI. Withholding of VAT on Government Money Payments and Payments to Non-residents (Creditable instead of Final);
- VII. Filing of return and payment of VAT;
- VIII. Establishment of VAT refund center, automatic appropriation for the purpose of funding claims for VAT refund; and
- IX. Transitory Provisions.

For your reading pleasure, attached herewith is RR 13-2018.



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