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7 September 2017

MEMORANDUM CIRCULAR No. 61
Series 2017

TO : All Concerned

SUBJECT : Bureau of Internal Revenue (BIR) Circular No. 69-2017

For the information and guidance of all concerned, enclosed is a copy of Revenue Memorandum Circular No. 69-2017 dated August 17, 2017 from Bureau of Internal Revenue entitled **Registration and Compliance Requirements of Individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of Government, Instrumentalities, Local Government Units (LGUs), State Colleges and Universities, including the Government-Owned and/or Controlled Corporations (GOCCs), and Government Financial Institutions (GFIs).**

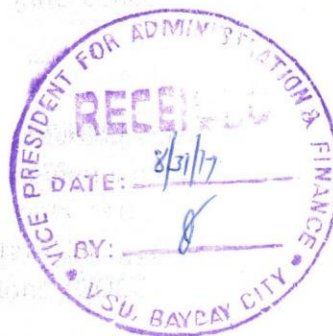
The certification of registration and compliance requirements embodied in this circular is a welcome development that will ease the burden experience by Job Order workers in the university.

Immediate dissemination of this memorandum is enjoined.


EDGARDO E. TULIN
President



Republic of the Philippine
Department of Finance
BUREAU OF INTERNAL REVENUE
Revenue District Office No. 89
Ormoc City



August 25, 2017

The School President
Visayas State University
Baybay City

Greetings!

Attached to this letter is a copy of Revenue Memorandum Circular No. 69-2017 dated August 17, 2017 on the Registration and Compliance Requirements of Individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, Local Government Units (LGUs), State Colleges and Universities, including the Government Owned and/or Controlled Corporations (GOCCs), and Government Financial Institutions (GFIs).

This update is a welcome development which will surely ease the burden experienced by Job Order Workers in government thru the simplification of the registration and compliance requirements.

You are enjoined to disseminate and inform all personnel concerned.

Very truly yours,


MA. TERESA NOEMI A. PIZON
Revenue District Officer

rdo89
MTNAP/MLVC



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION

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August 17, 2017

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REVENUE MEMORANDUM CIRCULAR NO. 69-2017

SUBJECT : Registration and Compliance Requirements of Individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, Local Government Units (LGUs), State Colleges and Universities, including the Government-Owned and/or -Controlled Corporations (GOCCs), and Government Financial Institutions (GFIs)

TO : All Internal Revenue Officials, Employees and Others Concerned

This Circular is being issued to supplement Revenue Memorandum Circular No. 130-2016 dated December 08, 2016 and clarify the registration and tax compliance requirements of individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, LGUs, State Colleges and Universities, including the GOCCs and GFIs.

The following terms shall be defined as follows:

1. **Professional** - can either be Licensed Professional or Non-Licensed Professional.
2. **Licensed Professional** - refers to those individuals engaged in the practice of professions or callings, who render services for a fee, such as those enumerated under Section 2.57.2 (A)(1) of Revenue Regulations (RR) No. 2-98, as amended.
3. **Non-Licensed Professional** - otherwise known as Non-Professional, shall refer to those individuals who are not identified under Section 2.57.2 (A)(1) of RR No. 2-98 and who are not registered with and regulated by the Professional Regulations Commission, Supreme Court, Integrated Bar of the Philippines, etc., who render services or labor-only for a fee or under a contract of service.

The following registration and compliance requirements are applicable only to individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government, Instrumentalities, LGUs, State Colleges and Universities, including the GOCCs and GFI:

- A. Professionals (Licensed/Non-Licensed) Hired under a Contract for Service or Job Order deriving gross receipts of P100,000 and below in any 12-month period (Marginal Income Earner) and/or amount EQUIVALENT to Statutory Minimum Wage rates fixed by Department of Labor and Employment (DOLE) – Regional Tripartite Wage and Productivity Board (RTWPB)/National Wages and Productivity Commission (NWPC) from LONE PAYOR with no other source of income

Registration Requirements

1. Registration with the Bureau using BIR Form No. 1901 for Taxpayer Identification Number (TIN) issuance with taxpayer type of 'Professional' or 'Professional – In General' with the following documentary requirements:
 - a. Copy of service contract showing the amount of income payment;
 - b. 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;The Registration Officer shall add the words " - Job Order" in business name field, e.g. "Juan Dela Cruz – Job Order".
2. Exemption from the payment of Annual Registration Fee (ARF);
3. Tax Type: Income Tax;
4. Exemption from the issuance of Certificate of Registration (COR);

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Bookkeeping and Invoicing Requirements

4. Exemption from compliance with the issuance of registered receipts/invoices;
5. Exemption from the requirement of maintenance of Books of Accounts;

Tax Compliance Requirements

6. Filing of Annual Income Tax Return (BIR Form No. 1701) and payment, if applicable;
7. Exemption from filing of Quarterly Income Tax Return (BIR Form No. 1701Q);
8. Not subject to creditable withholding tax rates; and
9. Exemption from payment of business taxes (i.e. VAT or any Percentage Tax).

B. Professionals (Licensed/Non-Licensed) Hired under a Contract for Service or Job Order deriving gross receipts ABOVE P100,000 in any 12-month period and/or Statutory Minimum Wage rates fixed by DOLE - RTWPB/NWPC from LONE PAYOR with no other source of income

Registration Requirements

1. Registration with the Bureau using BIR Form No. 1901 for issuance of TIN specifying a taxpayer type of 'Professional' or 'Professional - In General' with the following documentary requirements:
 - a. Copy of service contract showing the amount of income payment;
 - b. 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;The Registration Officer shall add the words " - Job Order" in business name field, e.g. "Juan Dela Cruz - Job Order".
2. Payment of Annual Registration Fee (RF);
3. Tax Types: RF, Income Tax (IT - 1701), VAT or Percentage Tax (*end-dated if the taxpayer will avail of substituted percentage tax/VAT return*);
4. Exemption from the issuance of COR;

Bookkeeping and Invoicing Requirements

5. Approval of Authority to Print (ATP) for the issuance of registered principal receipts/invoices (*except if qualified under the substituted receipts*);
6. Registration and maintenance of Books of Accounts (*except if qualified under the substituted receipts*);

Tax Compliance Requirements

7. Filing and Payment of Annual Income Tax Return using BIR Form No. 1701;
8. Exemption from filing of Quarterly Income Tax Return (BIR Form No. 1701Q), thus the Registration Officer shall end-date the 1701Q Form Type;
9. Exemption from attaching Financial Statements or Account Information Form to the filed Income Tax Return;
10. Subject to creditable withholding tax rates of ten percent (10%)/fifteen percent (15%) for licensed professionals, whichever is applicable or two percent (2%) expanded withholding tax, for non-licensed professionals under Revenue Regulations (RR) No. 2-98, as amended;
11. Subject to withholding of Percentage Tax or VAT
 - The government agency - payor is required to withhold three percent (3%) percentage tax under Section 5.116(A)(1) of RR No. 2-98, as amended; or five percent (5%) final VAT withholding rate under Section 4.114-2 of RR No. 16-2005, as amended; or twelve percent (12%) VAT under Section 9.245(A) of RR No. 2-98, as amended, if the payee will avail of the substituted filing of VAT return under RR No. 14-2003; and/or
12. Filing and Payment of monthly and quarterly VAT or monthly Percentage Tax Returns.

Substituted Percentage Tax/VAT Return and Substituted Official Receipt

Professionals (Licensed/Non-Licensed) Hired under Contract for Services or Job Order who are receiving income above the Statutory Minimum Wage rates per region/area of DOLE - NWPC, **with only one payor for the calendar year, may opt to avail of** the substituted filing of Percentage/VAT return instead of filing monthly and quarterly returns (No tax types of Percentage Tax or VAT); and substituted issuance of official receipts:

13. Substituted Percentage Tax/VAT Return

Pursuant to Revenue Regulations No. 14-2003, Taxpayer-payee hired under contract of services or job order, with only one payor may opt to remit his percentage tax/VAT through the withholding and remittance of the same by the withholding agent-payor which option is manifested by filing the "Waiver of the Privilege to Claim Input Tax Credits" (*Annex C*) (for VAT taxpayer only), "Notice of Availment on the Option to Pay the Tax through the Withholding Process" (*Annex E*) and "Notice of Availment on the Substituted Filing of Percentage Tax/VAT Return" (*Annex A/B*), which waiver and notice are copy-furnished the withholding agent-payor and the Revenue District Offices of both the payor and payee. The lone payor, upon receipt of the notice, shall mandatorily withhold the 3% percentage tax or applicable VAT rate on income payment to the payee and shall remit the same to the appropriate collection agents of the Bureau.

The Taxpayer-payee whose gross receipts have already been subjected to the withholding of 3% percentage tax or 12% VAT by the lone payor, shall no longer be required to file the monthly percentage tax return (BIR Form No. 2551M) or the monthly VAT declarations (BIR Form No. 2550M) and quarterly VAT returns (BIR Form No. 2550Q). The BIR Form No. 1600 duly filed by the payor serves as the *substituted percentage tax/VAT return* of the payee with lone payor provided that BIR Form No. 2306 (Certificate of Final Tax Withheld at Source) duly executed and signed by both the payor and the payee is attached to the filed BIR Form No. 1600. The duly filed or stamped "Received" BIR Form 2306 shall serve the same purpose as the percentage tax/VAT return (BIR Form 2551M/2550M/2550Q) of the payee.

If within the taxable year, an additional client or customer comes in, the taxpayer-payee shall immediately file the "Notice of Cancellation on the Availment of the Substituted filing of Returns" (*Annex D*).

14. Substituted Official Receipt

Taxpayer/Professional (seller of service) hired under contract of services or job order whose gross receipts have been subjected to the withholding of 3% percentage tax or applicable final VAT rate, shall be exempted from the obligation of issuing duly registered principal receipt for payments of services rendered. In lieu thereof, the issued BIR Form No. 2306 (*Certificate of Final Tax Withheld at Source*), for the payee with just one payor shall be constituted and treated as the *substituted official receipt*, pursuant to the provisions of Section 237 of NIRC, as amended.

In case of layoff during a taxable year, Professional (Licensed/Non-Licensed) hired under the Contract of Services or Job Order shall duly inform his home RDO by updating his registration information using BIR Form No. 1905 and immediately file the "Notice of Cancellation on the Availment of the Substituted filing of Returns" (*Annex D*) within ten (10) calendar days from the effectivity of separation from service. Existing policies and procedures in the closure of business shall be followed if the taxpayer shall not be engaged in business activities or practice of his profession to facilitate the end-dating of applicable tax types/form types.

C. Professionals (Licensed/Non-Licensed) Hired under Contract for Services or Job Order with MULTIPLE PAYOR and/or other source of income

Registration Requirements

1. Registration with the Bureau using BIR Form No. 1901 for the issuance of TIN and Certificate of Registration (COR) specifying a taxpayer type of 'Professional' or 'Professional - Licensed' with the following documentary requirements:
 - a. Checklist of requirements under Annex A1 of RMC No. 137-2016;
 - b. Additional requirement: Copy of service contract showing the amount of income payment;
2. Payment of Annual Registration Fee (ARF);
3. Tax Types: RP, Income Tax (IT - 1701/1701.0), VAT or Percentage Tax.

Bookkeeping and Invoicing Requirements

4. Registration and maintenance of Books of Accounts;
5. Approval of Authority to Print;
6. Issuance of registered principal receipts/invoices;

Tax Compliance Requirements

7. Filing and Payment of Quarterly Income Tax Return (BIR Form No. 1701Q) and Annual Income Tax Return (BIR Form No. 1701);
8. Subject to creditable withholding tax rates of 10% or 15% for licensed professionals, whichever is applicable or two percent (2%) expanded withholding tax, for non-licensed professionals under RR No. 2-98, as amended ;
9. Subject to creditable withholding of Percentage Tax or VAT;
 - The government agency – payor is required to withhold three percent (3%) percentage tax under Section 5.116(A)(1) of Revenue Regulations (RR) No. 2-98, as amended; or five percent (5%) final VAT withholding rate under Section 4.114-2 of RR No. 16-2005, as amended; and/or
10. Filing and Payment of the monthly and quarterly VAT or monthly Percentage Tax Returns;
11. Quarterly submission of the Summary List of Sales and Summary List of Domestic Purchases for VAT taxpayers.

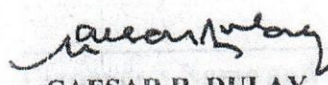
D. Summary

Table below clearly described the details on the registration, filing and payment requirements for each type of taxpayers previously defined.

Individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government Instrumentalities, LGUs, State Colleges and Universities, including the GOCCs and GFI	Registration Fee	Percentage / VAT	Bookkeeping	Invoicing	1701 ITR	1701Q	2551M/ 2550M/ 2550Q	Expanded Withholding Tax		Business Tax	
								Gross Income < 720,000	Gross Income > 720,000	Percentage Tax	VAT
Professionals deriving gross receipts of P100,000 and below in any 12-month period and/or SMW rates from lone payor	X	X	X	X	✓	X	X	X	X	X	X
Non-Licensed Professionals deriving gross receipts above P100,000 in any 12-month period and/or SMW rates from lone payor	✓	✓*	✓*	✓*	✓	X	✓*	2%	2%	3%	5% or 12%
Licensed Professionals deriving gross receipts above P100,000 in any 12-month period and/or SMW rates from lone payor	✓	✓*	✓*	✓*	✓	X	✓*	10%	15%	3%	5% or 12%
Professionals receiving income from multiple payor and/or other source of income	✓	✓	✓	✓	✓	✓	✓	10%	15%	3%	5%

*May avail of the substituted filing on Percentage Tax/VAT return and substituted official receipts.

All other issuances inconsistent herewith are hereby repealed or modified accordingly. All internal revenue officers and employees are hereby enjoined to give this Circular a wide publicity as possible.


CAESAR R. DULAY
Commissioner of Internal Revenue
008953

ANNEX "A"

BIR FORM NO. _____

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Revenue Region No. ____
Revenue District Office No. ____

NOTICE OF AVAILMENT ON THE SUBSTITUTED FILING OF
PERCENTAGE TAX RETURN

Date _____

Name of Taxpayer _____

Address _____

Taxpayer Identification Number _____

Class of Profession or Calling/Business _____

CERTIFICATION

This is to certify that I am a NON-VAT registered person pursuant to the provisions of REVENUE REGULATIONS NO. 14-2003; that, in accordance with the said Regulations, I have availed of the "Optional Registration under the 3% Final Percentage Tax Withholding, in lieu of the 3% Creditable Percentage Tax Withholding" System, in order to be entitled to the privileges accorded by the "Substituted Percentage Tax Return System" prescribed thereunder; that, this Declaration is sufficient authority of the Withholding Agent to withhold 3% Percentage Tax from payments to me on my sale of goods and/or services, in lieu of the said 3% Creditable Percentage Tax Withholding; and that, I have executed this Declaration under penalty of perjury pursuant to the provisions of Section 267, National Internal Revenue Code of 1997, as amended.

Taxpayer's Name and Signature

ANNEX "B"

BIR FORM NO. _____

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Revenue Region No. ____
Revenue District Office No. ____

NOTICE OF AVAILMENT ON THE SUBSTITUTED FILING OF
VALUE-ADDED TAX RETURN

Date _____

Name of Taxpayer _____

Address _____

Taxpayer Identification Number _____

Class of Profession or Calling/Business _____

CERTIFICATION

This is to certify that I am a VAT-registered person pursuant to the provisions of REVENUE REGULATIONS NO. 14-2003; that, in accordance with the said Regulations, I have availed of the "Optional Registration under the 12% Final VAT Withholding, in lieu of the 12% Creditable VAT withholding," in order to be entitled to the privileges accorded by the "Substituted VAT Return System" prescribed thereunder; that, this Declaration is sufficient authority of the withholding agent to withhold 12% VAT from payments to me on my sale of goods and/or services; that, I have executed this Declaration under penalty of perjury pursuant to the provisions of Section 267, National Internal Revenue Code of 1997, as amended.

Taxpayer's Name and Signature

ANNEX "C"

**SWORN DECLARATION AND WAIVER OF THE PRIVILEGE TO CLAIM
INPUT TAX CREDITS UNDER SECTION 110 OF THE TAX CODE**

In accordance with the provisions of Sections 106 and 108 of the National Internal Revenue Code of 1997, as amended, I hereby voluntarily depose and say:

1. That I am a VAT-registered seller of service;
2. That I availed of the option to be taxed at 12% VAT;
3. That I hereby waive my right/privilege to claim input tax credits provided under Section 110 of the National Internal Revenue Code of 1997, as amended that may be otherwise claimed against the output tax due on my sale of goods and/or services; and
4. That this waiver shall be effective until cancelled through the execution of a notice prepared for the purpose.

I hereby declare under penalties of perjury that the foregoing representations are true and correct and the waiver of right/privilege is voluntarily and knowingly made in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

Date

Name of Taxpayer

ANNEX "D"

BIR FORM NO. _____

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Revenue Region No. ____
Revenue District Office No. ____

**NOTICE OF CANCELLATION ON THE AVAILMENT OF
THE SUBSTITUTED FILING OF PERCENTAGE TAX/VAT RETURN**

Date _____

Name of Taxpayer _____

Address _____

Taxpayer Identification Number _____

Class of Profession or Calling/Business _____

Type of Registration ☐ VAT Taxpayer ☐ Non-VAT Taxpayer

CERTIFICATION

This is to certify that I am a Non-VAT/VAT -registered person pursuant to the provisions of REVENUE REGULATIONS NO. 14-2003; that, in accordance with the said Regulations, I have availed of the "Optional Registration under the 3% final Percentage Tax on the Sale of Goods and/or Service /12% final VAT Withholding on the Sale of Goods and/or Service" in order to be entitled to the privileges accorded by the "Substituted Filing of Percentage Tax/VAT Return" prescribed thereunder; that, I am hereby cancelling and withdrawing my said NOTICE OF AVAILMENT OF THE SUBSTITUTED FILING OF PERCENTAGE TAX/VAT RETURN SYSTEM, effective _____, 20__; and that, I have executed this Declaration under penalty of perjury, pursuant to the provisions of Section 267, National Internal Revenue Code of 1997, as amended.

Taxpayer's Name and Signature