

SyCipLaw Tax Bulletin:

BIR Guidelines on Credit/Debit/Prepaid Card Payment of Internal Revenue Taxes

On January 12, 2016, Former Secretary of Finance Cesar Purisima issued Revenue Regulation (“RR”) No. 3-2016 prescribing the policies and guidelines on the adoption of credit, debit, and prepaid cards as an additional mode of payment for internal revenue taxes. Credit, debit, and prepaid cards were made available as an additional mode of payment in order to ease the burden to taxpayers in the payment of their taxes¹. However, payment through this mode is limited to Philippine-issued cards by authorized agent banks (“AAB”) under the name of the taxpayer². Prior to this RR, internal revenue taxes may be paid through **(1)** the electronic payment system, **(2)** over-the-counter cash payments, **(3)** bank debit system, or **(4)** check payment³.

The taxpayer must bear the convenience fees, merchant discount rates, and other fees for the use of these payment facilities and such fees shall not be deducted from any tax due to the Bureau of Internal Revenue (“BIR”)⁴. The BIR shall not be liable for issues arising between the taxpayer and the card issuer such as “charge back”, erroneous posting, or non-payment⁵. In case erroneous payments were made through this mode, the taxpayer must apply for refund or tax credit and there shall not be any automatic “charge back” of the taxpayer’s account⁶.

Payments through credit, debit, or prepaid card are deemed made upon the approval of the transaction by the card issuer as evidenced by a duly issued payment confirmation receipt⁷. RR No. 3-2016 originally provided that the taxpayer shall have a continuing liability for the taxes until the BIR actually receives payment⁸. This was later amended by RR No. 2-2017, issued by Finance Secretary Carlos Dominguez on January 13, 2017, to provide that the authorized agent bank shall bear the liability, as trustee of the government, to pay the taxes due to late or non-remittance of the same to the BIR despite a timely issuance of a valid confirmation receipt. The amendment was made because “the taxpayer has no control over the actual remittance of the payment to the BIR other than securing a valid confirmation receipt and ensuring that his/her tax payment is paid through a legitimate AAB of the BIR.”⁹

¹ Payment of taxes through a credit facility with a bank, a credit company, or similar institution was made available under RR No. 04-97, as amended by RR No. 06-98, but was later omitted under RR No. 16-02.

² Sec. 3(3), Sec. 3(6), RR No. 3-16

³ Sec. 3, RR No. 16-02

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FOR MORE INFORMATION

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⁴ Sec. 3(1), *id*

⁵ Sec. 3(4), *id*

⁶ Sec. 3(5), *id*

⁷ Sec. 2(4) & Sec. 4(a), *id*

⁸ Sec. 4(b), *id*

⁹ <http://www.dof.gov.ph/index.php/dof-bir-improve-process-for-tax-payments-via-credit-cards/> (last visited on 05/09/2017)

About SyCip Salazar Hernandez & Gatmaitan

Founded in 1945, SyCip Salazar Hernandez & Gatmaitan is one of the most established and largest law firms in the Philippines. Although its work centers on business activity, the firm has offered a broad and integrated range of legal services that cover such areas as family relations, constitutional issues, and other matters of law unrelated to commerce.

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