

**REVENUE REGULATIONS NO. 15-2024** issued on August 15, 2024 prescribes the policies and guidelines in the mandatory registration of persons engaged in business and administrative sanctions and criminal liabilities for non-registration.

Section 236(A) of the Tax Code, provides that every person subject to any internal revenue tax shall register once, either electronically or manually, with the Bureau of Internal Revenue (BIR):

- a. Within ten (10) days from date of employment; or
- b. On or before the commencement of business; or
- c. Before payment of any tax due; or
- d. Upon filing of a return, statement or declaration as required under the Tax Code.

Consequently, any person who is engaged in any trade or business in the Philippines and fails to register the same with the BIR shall be administratively and criminally liable for fines and penalties. Also, any person who willfully aids or abets in the commission of a crime penalized under the Tax Code or who causes the commission of any such offense by another shall be liable in the same manner as the principal pursuant to Section 253 (b) of the Tax Code.

In case of associations, partnerships or corporations, the penalty shall be imposed on the partner, president, general manager, branch manager, treasurer, officer-in-charge, and employees responsible for the violation.

In addition, it has been observed that there have been proliferation of online businesses and activities in the Philippines. Hence, the Internet Transactions Act of 2023 was issued, which provides that in order to build trust in e-commerce and to protect and uphold the interest of consumers at all times, persons engaged in online trade or business shall observe and comply with the policies, laws and regulations in the countries where their goods and services are marketed, which necessarily includes, the registration of online trade or business with the BIR, filing of proper tax returns and payment of applicable internal revenue taxes.

These Regulations shall cover persons, whether natural or juridical, who are engaged in the following trade or business in the Philippines:

- a. Sale and/or lease of goods and services through brick-and-mortar stores;
- b. E-commerce or online businesses, whether formal or informal, including, but not limited to sale, procurement, or availment of physical or digital goods (including virtual items in online games), digital content/products, digital financial services, entertainment services, travel services, transport and delivery services, and educational services, social commerce, on-demand labor and repair services, and property and space rentals;
- c. Operation of digital platforms, including e-marketplace platforms;
- d. Sale and/or lease of goods and services through digital platforms;
- e. Digital content creation and streaming that are income generating including, but not limited to, online advertising, blogging/vlogging, subscription or commission;
- f. E-retailing of goods and services;
- g. Sale of creative or professional services, on-demand or freelance services or digital services supplied over the internet; and
- h. Other forms of businesses other than those mentioned above which are conducted online.

All persons covered by the Regulations shall register with the BIR following the guidelines set forth under the Tax Code and relevant revenue issuances. Failure to register shall be

subject to administrative penalties and criminal liabilities provided hereunder. The following guidelines shall be adhered to:

- a. A person engaged in the sale and/or lease of goods and services through Brick-and-Mortar Stores shall register its head office at the BIR district office having jurisdiction over the place of business address. Meanwhile, any branch and/or facility shall be registered with the BIR district office having jurisdiction over the place of business address or location of the branch and/or facility.
- b. A person operating, maintaining or setting up an online presence (within the context of these Regulations) or an online store for its Brick-and-Mortar Store shall register its Store Name with the BIR as an additional "business name" attached to the head office or branch managing or operating the said online store or business, and shall not be registered as branch.
- c. A person engaged in the sale and/or lease of goods and services through website, webpage, page, platform or application who do not have a Brick-and-Mortar Store shall register at the BIR district office having jurisdiction over the place of residence for individuals or principal place of business registered with the Securities and Exchange Commission (SEC) for juridical entities.

All registered persons shall post or exhibit their original Certificate of (COR)/Electronic Certificate of Registration (eCOR) at the place where the business is conducted and at each branch and/or facility in a way that is clearly and easily visible to the public. In case of a peddler or other persons not having a fixed place of business, the COR/eCOR shall be kept in the possession of the holder thereof or at the place of residence or at the head office's address, if applicable, subject to production upon demand of any internal revenue officer.

All covered persons operating a business through a website, social media or any digital or electronic means, shall display conspicuously the electronic copy of the BIR COR/eCOR on their website, webpage, account, page, platform or application. The displayed proof of registration shall be (at all times) easily accessible and visible to buyers or customers visiting the seller or lessor's webpage, account, page, platform or application.

The Commissioner of Internal Revenue (CIR) or his/her duly authorized representative shall, upon verification that any covered person doing business in the Philippines fails to register as required under these Regulations, has the authority to issue a Closure/Take Down Order to close the business operations of such covered persons engaged in business.

The closure of business operations under a duly approved Closure/Take Down Order shall not preclude the BIR from filing the appropriate charges, if evidence so warrants, against the person concerned, or in the case of corporate taxpayers, against the responsible officers of the corporation, under the Run After Tax Evaders (RATE) Program of the BIR.

The Closure/Take Down Order shall not be less than five (5) days and shall be lifted only upon compliance with the requirements stated in Section 5 of these Regulations and as may be further prescribed by the CIR or his/her duly authorized representative/s in the Closure/Take Down Order.

The Closure/Take Down Order shall only be lifted if the BIR has validated that the violation/s stated in the Closure/Takedown Order have been rectified and the person has complied with all the requirements as may be prescribed by the CIR or any of his/her duly authorized representative/s following the procedure under the existing laws, rules and regulations.

Lessors, sub-lessors of commercial establishments/buildings/space, and operators of digital platform, including e-marketplace platforms, shall ensure that all their respective lessees and online sellers or merchants are duly registered with the BIR, with Taxpayer Identification Number, and duly compliant with the invoicing requirements and in accordance with Sections 236, 237 and 238 of the Tax Code.

Failure to enact, or strictly enforce internal mechanisms or rules to prohibit lessees and online sellers or merchants without the required BIR COR/eCOR from further selling, posting, listing, or offering goods and/or services in their respective Brick-and-Mortar Stores, website, webpage, account, application, and digital platforms, including e-marketplaces, shall be construed as an act of aiding or abetting in the commission of the offense.

The owners or sub-lessors of commercial establishments/building/spaces shall continue to submit its existing reportorial requirements under existing Revenue Regulations. Digital platforms, including e-marketplaces, shall submit any required information, upon request from the CIR or his/her duly authorized representative.

Reports on all Closure/Take Down Orders issued and/or executed and the lifting of Closure/Take Down Orders shall be submitted by all implementing offices of the Bureau on a regular basis to the CIR, or his/her duly authorized representative.

Any person found violating Section 236(A) in relation to the enumerated provisions of the Tax Code shall be liable as follows:

<b>Nature of Violation</b>	<b>Tax Code Provision</b>	<b>Amount of Compromise Penalty</b>
1. Late Registration - voluntary registration	Sec. 275	₱ 1,000.00
2. Failure to register store name or business name	Sec. 275	₱ 1,000.00 per business name or store name
3. Failure to post COR/eCOR on the place of business or website, webpage, account, page, platform or application	Sec. 275	₱ 1,000.00 for every violation/per business name or store name
4. Allowing lessees or online sellers/merchants to use to engage in business the premises or digital platform without BIR registration	Sec. 253 in relation to Sec. 258	₱ 20,000.00** for each branch/store/establishment  **Penalty of lessor/digital platform/e-marketplace
5. Failure to obey or refusal to comply with the Closure/Take Down Order	Sec. 258	₱ 20,000.00

<p>6. Failure to Register Head Office or Branch - if the business or self-employed is discovered through various means, including:</p> <ul style="list-style-type: none"> <li>• During Tax Compliance Verification Drive</li> <li>• Ocular inspection or mission order</li> <li>• Upon BIR notification to register</li> <li>• Through third-party reports</li> </ul>	<p>Sec. 258</p>	<p>Medium and Large Taxpayer -          ₱ 20,000.00          Small Taxpayer –          ₱ 15,000.00          Micro Taxpayer –          ₱ 5,000.00          Business subject to Excise Tax -          ₱ 50,000.00</p>
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