

**REVENUE REGULATIONS NO. 8-2024** issued on April 11, 2024, implements Section 21(b) of the Tax Code of 1997, as amended by Republic Act No. 11976 (Ease of Paying Taxes Act), on the classification of taxpayers.

Taxpayers shall be classified, and be covered by these Regulations, as follows:

- A. Micro Taxpayer – shall refer to a taxpayer whose gross sales for a taxable year is less than Three Million Pesos (₱3,000,000.00).
- B. Small Taxpayer - shall refer to a taxpayer whose gross sales for a taxable year is Three Million Pesos (₱3,000,000.00) to less than Twenty Million Pesos (₱20,000,000.00).
- C. Medium Taxpayer - shall refer to a taxpayer whose gross sales for a taxable year is Twenty Million Pesos (₱20,000,000.00) to less than One Billion Pesos (₱1,000,000,000.00).
- D. Large Taxpayer - shall refer to a taxpayer whose gross sales for a taxable year is One Billion Pesos (₱1,000,000,000.00) and above.

For purposes of classification of taxpayers under these Regulations, gross sales shall refer to total sales revenue, net of VAT, if applicable, during the taxable year, without any other deductions. Gross sales shall only cover business income, excluding compensation income earned under employer-employee relationship, passive income under Sections 24, 25, 27 and 28, and income excluded under Section 32(B), all of the Tax Code. Business income shall include income from the conduct of trade or business or the exercise of a profession.

Taxpayers who will register to engage in business or practice of profession upon the effectivity of the Regulations shall initially be classified based on its declaration in the Registration Forms starting from the year they registered and shall remain as such unless reclassified.

The concerned taxpayer shall be reclassified in accordance with the threshold values as stated under Section 2 of the Regulations and shall be duly notified by the BIR of their classification or reclassification, as may be applicable, in a manner or procedure to be prescribed in a revenue issuance to be issued separately.

Taxpayers registered in 2022 and prior years shall be classified based on gross sales for taxable year 2022. For taxpayers registered in 2022 and prior years but without any submitted information on their gross sales for taxable year 2022, and taxpayers registered in 2023 or in 2024 before the effectivity of the Regulations, shall initially be classified as MICRO, except VAT-registered taxpayers, who shall be classified as SMALL.