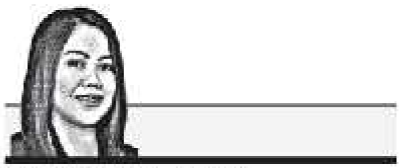
BDB Law wts

DU-BALADAD AND ASSOCIATES



Atty. Filamer D. Miguel

TAX LAW FOR BUSINESS

BDB Law's "Tax Law for Business" *appears in the opinion section of* ***Business Mirror*** *every Thursday.*

Computerized accounting-system accreditation and issuance of permit to use

On August 3, 2000, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Order (RMO) 21-2000, which basically prescribes the policies and procedures in the processing and approval of taxpayer's application for permit to adopt Computerized Accounting System (CAS) and its components.

Two years thereafter, RMO 29-02 was subsequently issued, which revised the procedures embodied in RMO 21-000. Both issuances mainly dealt with the issuance of a permit to adopt CAS/components thereof, as well as permit to use (PTU) the same. As of date, there are no existing rules governing the accreditation of CAS and/or other related software.

The bureau is aware of this predicament, that is why it is currently drafting a revenue regulation (RR) that will address the issue on the accreditation of CAS, Computerized Books of Accounts (CBA) and/or its components, middleware and Electronic Storage System (ESS) and issuance of the corresponding Certificate of Accreditation and/or PTU. In fact, on August 11, the BIR invited several panelists for an initial discussion on the salient provisions of the draft RR.

As presented to us during the public hearing, the draft RR proposes that all developers/service providers/suppliers/distributors/dealers/resellers, collectively referred to as “sellers” who intend to use and/or sell/distribute CAS and/or its components, shall secure accreditation of the same from the National Accreditation Board (NAB) in the BIR-National Office prior to sale or distribution. The accreditation shall be valid for a period of five years from the date of issuance of the Certificate of Accreditation. Renewal shall be applied not later than 60 days prior to the expiration of its validity period.

Any enhancement/upgrade/modification of an originally accredited CAS/CBA and/or its components/middleware/ESS shall be subject to accreditation prior to the sale/distribution of its new version and/or release number.

On the other hand, PTU shall be issued to the following:

- Clients/buyers of accredited or customized CAS/CBA and/or its components/middleware/ESS;
- Pseudosuppliers whose CAS/CBA and/or its components/middleware/ESS has been accredited;
- Franchisees/subsidiaries/affiliates who intend to use the same accredited CAS/CBA and/or its components/middleware/ESS.

Unlike in accreditation, applications for PTU shall be filed with the Revenue District Office where the principal place of business of the applicant is registered, unless applicant is a large taxpayer. A duly approved PTU shall, likewise, be valid for five years subject to renewal. Unlike in the previous RMOs, the draft RR explicitly provides that no temporary PTU shall be issued.

All taxpayers with existing PTU applications prior to the effectivity of the proposed RR, who have undergone proper evaluation and already compliant, shall be issued a PTU by the NAB based on the validation and recommendation report of the Technical Working Group. The proposed RR also provides that all previously issued PTUs on Loose-Leaf Books of Accounts of taxpayers under the LTS are revoked within one year upon effectivity of the RR.

While it needs some refinement, it is undeniable that this draft RR is a promising development.

****

The author is a senior associate of Du-Baladad and Associates Law Offices, a member-firm of World Tax Services Alliance.

The article is for general information only and is not intended, nor should be construed, as a substitute for tax, legal or financial advice on any specific matter. Applicability of this article to any actual or particular tax or legal issue should be supported therefore by a professional study or advice. If you have any comments or questions concerning the article, you may e-mail the author at filamer.miguel@bdblaw.com.ph *or call 403-2001, local 360.*