DEC 10 2025

REVENUE REGULATIONS NO. 001-2026

SUBJECT: **Amending Sections 3, 4, and 7 of Revenue Regulations (RR) No. 9-2025 to Clarify Filing and Payment Rules for VAT on Local Sales, Provide Optional Value-Added Tax (VAT) Registration for Certain Registered Business Enterprises (RBEs), Extend the Deadline for System Reconfiguration, and Exclude Certain Enterprises and Activities from the Coverage of VAT on Local Sales of RBEs Under Section 295(D) of the National Internal Revenue Code of 1997 (Tax Code), as Amended by Section 18 of Republic Act (RA) No. 12066**

TO: All Internal Revenue Officers and Others Concerned

Pursuant to the provisions of Sections 244 and 245 of the Tax Code, as amended, in relation to Section 32 of R.A. No. 12066, these Regulations are hereby promulgated to amend Sections 3, 4, and 7 of RR No. 9-2025 to clarify the manner of filing and payment of VAT on local sales, provide optional VAT registration for certain RBEs, exclude certain enterprises and business activities from the coverage of VAT on local sales of RBEs under Section 295(D) of the Tax Code, as amended by Section 18 of RA No. 12066, and extend the deadline for compliance with invoicing system reconfiguration.

SECTION 1. Section 3(A)(3)(a) of RR No. 9-2025 is hereby amended to read as follows:

> "a. **For purchase of goods from economic zones or freeport.** – The filing and payment of the "*VAT on B2B local sales by RBEs*" shall be on a per transaction basis using the BIR Form to be prescribed by the BIR for this purpose through a separate revenue issuance. **In the meantime, BIR Form No. 0605 shall be utilized and shall be immediately transmitted to the RBE, as part of the attachments prior to the release of goods from the economic zone or freeport.**
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> **However, in cases where the shipment of the goods purchased in the ecozone or freeport is in bulk (*e.g.*, delivered through a single container truck) and is covered by several invoices, the buyer may opt to pay the VAT due thereon in a single payment. The BIR Form No. 0605 covering the payment of all the invoices together with the list of all the invoices covered shall be presented to the BOC prior to its release."**

SECTION 2. Section 4 of RR No. 9-2025 is hereby amended to read as follows:

"SECTION 4. OPTIONAL VAT REGISTRATION AND EXCLUSIONS FROM THE COVERAGE OF VAT ON LOCAL SALES UNDER SECTION 295(D) OF THE TAX CODE, AS AMENDED. –

A. **OPTIONAL VAT REGISTRATION.** – An RBE availing of the 5% Special Corporate Income Tax (SCIT) or Gross Income Earned (GIE) regime, and whose registered activities are all under the same income tax incentive, may opt to register as a VAT taxpayer solely for purposes of its local sales. Such VAT registration shall not affect the RBE's entitlement to its existing fiscal and non-fiscal incentives, including VAT zero-rating on local purchases and VAT exemption on importation, provided these are directly attributable to its registered activities.

In accordance with Section 236(G) of the Tax Code, as amended, an RBE that elects VAT registration under this provision shall not be allowed to cancel such registration under Section 236(E)(2) of the same Code for a period of three (3) years from the date of registration.

B. **EXCLUSIONS FROM THE COVERAGE OF VAT ON LOCAL SALES UNDER SECTION 295(D) OF THE TAX CODE, AS AMENDED.** – VAT-registered Domestic Market Enterprises (DMEs) that do not qualify for VAT zero-rating on local purchases or VAT exemption on importation despite being registered with any of the Investment Promotion Agencies are subject to VAT on both their local purchases and importation.

The application of Section 295(D) of the Tax Code to their local sales mandating the buyer to pay and remit the corresponding VAT to the BIR would result in accumulated unutilized input VAT from local purchases and importations, which are not eligible for refund under Section 112(A) of the Tax Code.

To address such scenario, their local sales shall not be subject to the buyer's payment and remittance of VAT (B2B transactions) under Section 295(D) of the Tax Code, as amended. The RBE-seller shall file and pay the corresponding VAT to the BIR as a regular VAT taxpayer.

In addition, the following sale transactions/entities are excluded from the coverage of Section 295(D) of the Tax Code, as amended:

1. Sale of the following goods/services:
   a. VAT zero-rated goods under Section 106(A)(2);
   b. VAT zero-rated services under Section 108(B);
   c. VAT-exempt transactions under Section 109; and
   d. VAT-exempt or zero-rated transactions under Title XIII of the Tax Code.

2. Entities that have registered with the Board of Investments by virtue of a special law and are not availing of incentives under Title XIII of the Tax Code, as amended.

3. Local sales made by RBEs that pertain to business activities not registered with any of the IPAs, including the sales of scraps (*e.g.*, materials, machineries, and property, plant and equipment), shall be subject to the regular VAT at 12%. The RBE-seller shall file and pay the corresponding VAT to the BIR as a regular "VAT taxpayer."

SECTION 3. The effectivity of the provision under Section 7 of RR No. 9-2025, which requires RBEs using registered Cash Register Machines/Point-of-Sales (CRM/POS), Computerized Accounting System (CAS), Computerized Books of Accounts with Accounting Records, or other registered invoicing system/software to reconfigure or rename their system by replacing the term 'VAT/VAT Amount' in the breakdown of sales with 'VAT on Local Sales,' or adding the same where 'VAT/VAT Amount' is not applicable, **is hereby extended until December 31, 2026.** The Commissioner may further extend the deadline as may be necessary.

SECTION 4. SEPARABILITY CLAUSE. – If any of the provisions of these Regulations is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 5. REPEALING CLAUSE. – All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.

SECTION 6. EFFECTIVITY. – These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or the BIR Official Website, whichever comes first.

FREDERICK D. GO
Secretary of Finance
FEB 11 2026

Recommending Approval:

CHARLITO MARTIN R. MENDOZA
Commissioner of Internal Revenue

BUREAU OF INTERNAL REVENUE
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