November 15, 2018

BIR RULING NO. 1354-18

Sec. 238, NIRC of 1997, as amended;
Secs. 3 (1), 2, RR No. 18-2012; Sec. 12,
PD No. 114

M. Lhuillier Group of Corporations
M. Lhuillier Bldg., B. Benedicto St.,
North Reclamation Area, Cebu City,
6000 Philippines

Attention: *AAA*

Gentlemen :

This refers to your letter dated May 14, 2015 on behalf of the **M. LHUILLIER GROUP OF CORPORATIONS**, as indorsed by the Regional Director of Revenue Region No. 13, Cebu City, seeking clarification on the matter of the requirement of securing an Authority to Print (ATP) before a pawnshop corporation can have their/its pawn ticket printed.

It is embodied in your letter that the **M. LHUILLIER GROUP OF CORPORATIONS** is a bit confused of the requirement of securing an ATP in light of Revenue Regulation No. 18-2012 wherein nowhere in the said listing of documents that needs an ATP is pawn ticket. You stated in your letter, among others, the following:

1. Pawn tickets, being the pawnbroker's receipt for a pawn do not have the same function as receipts or invoices for by itself, pawn ticket cannot be said to represent flow of revenue to the pawnshop, nor does it serve to evidence an admission or acknowledgement of payment of money or other settlement between parties, as pawn tickets merely serve to acknowledge receipt of the pawn.

2. As an industry directly regulated by the Bangko Sentral ng Pilipinas, said agency of the government is tasked and given express mandate to regulate the business of pawnshops, and PD 114, the Pawnshop Law expressly prescribes the form of pawn ticket and left the determination of the prescribed form to the said agency of the government.

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In support, you submitted the letter of the Deputy Governor Nestor A. Espenilla, Jr. of the Bangko Sentral ng Pilipinas containing the position of the said agency that there is no basis to require pawn tickets to secure an ATP required by BIR regulations since the BSP, as regulator of pawnshops has the sole authority to authorize the printing of pawn tickets and to prescribe the form of pawn tickets.

In reply, please be informed that Section 238 of the National Internal Revenue Code of 1997, as amended, provides that:

> "***Sec. 238. Printing of Receipts or Sales or Commercial Invoices.*** *— All persons who are engaged in business shall secure from the Bureau of Internal Revenue an authority to print receipts or sales or commercial invoices before a printer can print the same.*
>
> *No authority to print receipts or sales or commercial invoices shall be granted unless the receipts or invoices to be printed are serially numbered and shall show, among other things, the name, business style, Taxpayer Identification Number (TIN) and business address of the person or entity to use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the commissioner.*
>
> xxx xxx xxx"

In relation thereto, Section 3 (1) of Revenue Regulation No. 18-2012 (Regulations in the Processing of Authority to Print (ATP) Official Receipts, Sales Invoices, and Other Commercial Invoices Using the On-line ATP System and Providing for the Additional Requirements in the Printing Thereof) provides that:

> "*SECTION 3. Policies and Guidelines. —*
>
> *Authority to Print (ATP) and Manner of Printing of Receipts/Invoices.*
>
> *1. All persons, whether private or government, who are engaged in business shall secure/apply from the BIR an Authority to Print principal and supplementary receipts/invoices.*
>
> xxx xxx xxx"

Pursuant to Section 2 (2) and 2 (3) of Revenue Regulation No. 18-2012, principal and supplementary receipts/invoices consist of the following:

> *2. "Principal Receipts/Invoices — for purposes of this regulations, it is a written account evidencing the sale of goods and/or services issued to customers in an ordinary course of business which necessary includes the following:*
>
> *2.1. VAT Sales Invoice — for purposes of Value Added Tax (VAT) pursuant to Section 106 of the NIRC, as amended, it is a written account evidencing the sale of goods and/or properties issued to*

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customers in an ordinary course of business, whether cash sales or on account (credit) which shall be the basis of the output tax liability of the seller and the input tax claim of the buyer. Cash Sales Invoices and Charge Sales Invoices falls under this definition.

2.2. VAT Official Receipt — for purposes of Value Added Tax (VAT) pursuant to Section 108 of the NIRC, as amended, it is a proof of sale of service and/or leasing of properties which shall be the basis of the output tax liability of the seller and the input tax claim of the buyer. It is a written admission or acknowledgment of the fact that money has been paid and received for the payment or settlement between persons rendering services and its customers.

2.3. Non-VAT Sales Invoices — for purposes of Percentage Tax pursuant to Section 116 of the NIRC, as amended, it is a written account evidencing the sale of goods and/or properties issued to customers in an ordinary course of business, whether cash sales or on account (credit) which shall be the basis of the Percentage Tax liability of the seller.

2.4. Non-VAT Official Receipts — for purposes of Percentage Tax pursuant to TITLE V of the NIRC, as amended, it is a proof of sale of service and/or leasing of properties which shall be the basis of the Percentage Tax liability of the seller. It is a written admission or acknowledgment of the fact that money has been paid and received for the payment or settlement between persons rendering services and its customers.

3. Supplementary Receipts/Invoices — for purposes of these Regulations, these are also known as COMMERCIAL INVOICES. It is a written account evidencing that a transaction has been made between the seller and the buyer of goods and/or services, forming part of the books of accounts of a business taxpayer for recording, monitoring and control purposes.

It is a document evidencing delivery, agreement to sell or transfer of goods and services which includes but are not limited to delivery receipts, order slips, debit and/or credit memo, purchase order, job order, provisional/temporary receipt, acknowledgement receipt, collection receipt, cash receipt, bill of lading, billing statement, statement of account, ***and any other documents, by whatever name it is known or called****, whether prepared manually (handwritten information) or pre-printed/pre-numbered loose-leaf (information typed using excel program or typewriter) or computerized* ***as long as it is used in the ordinary course of business being issued to customers or otherwise****. (Emphasis Supplied)*

xxx xxx xxx"

From the foregoing provisions, it is thus clear that ATP is required in the printing of receipts or sales or commercial invoices. True, pawn ticket is not among the

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documents specifically mentioned in Revenue Regulations No. 18-2012 as requiring ATP, and pawn ticket, being the pawnbroker's receipt for a pawn, shall not be considered as an official receipt for amounts collected nor a printed evidence of indebtedness. *(Section 4102P (e) of the Manual of Regulation for pawnshops in relation to Section 3 of PD 114 — Law Regulating the Establishment and Operation of Pawnshops)*. However, the phrase under Revenue Regulations No. 18-2012 ***"and any other documents, by whatever name it is known or called****, x x x,* ***as long as it is used in the ordinary course of business being issued to customers or otherwise"*** necessarily includes pawn tickets as commercial invoices. Pawn tickets are being used by pawnshops in the ordinary course of their business every time a loan or pledge is made. This is in accordance with Section 12 of PD 114 which states that:

> *"SECTION 12. Pawn Ticket. — Every pawnbroker shall, at the time of every such loan or pledge, deliver to each person pawning or pledging any article or thing a memorandum or ticket signed by such pawnbroker and containing the substance of the record required to be kept in such pawnbroker's memorandum book in section eleven hereof, excluding the description of the person so pawning or pledging such article or thing, and no compensation of any kind whatsoever shall be received by any pawnbroker for any such memorandum or ticket."*

Also, it can be seen that the documents enumerated in Revenue Regulations No. 18-2012 which are considered as commercial invoices requiring ATP does not all represent flow of revenue, nor does it serve to evidence an admission or acknowledgement of payment of money or other settlement between the contracting parties.

Moreover, requiring pawnshops to secure an ATP before printing their/its pawn ticket is for monitoring and for purposes of taxation since pawn ticket is a proof of an exercise of a taxable privilege. It does not alter the form and contents thereof being prescribed by Section 4323P in relation to Section 4323P.1 of the Manual of Regulation for Pawnshops nor does it change the authority granted by Section 17 of PD 114 to the Central Bank.

With the foregoing, this Office clarifies that pawn tickets are considered commercial invoices as defined under Revenue Regulation No. 18-2012. Hence, an ATP is required before printing the same.

Please be guided accordingly.

Very truly yours,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

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