REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

January 18, 2012

REVENUE MEMORANDUM ORDER NO. 12-2012

SUBJECT: **Prescribing the Guidelines and Procedures in the Implementation of the Electronic Sales Reporting as Provided Under Revenue Regulations No. 5-2005, as Amended, by Taxpayers Using Cash Register Machines, Point of Sales Machines and Other Invoice/Receipt Generating Machines, and for Other Purpose**

TO : All Internal Revenue Officials, Employees and Others Concerned

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I. OBJECTIVES

This Order is issued to:

1. Provide uniform guidelines and procedures in the reporting of the gross monthly sales generated from cash register machines (CRMs), point of sales (POS) machines and other invoice/receipt generating machines using the Electronic Sales Reporting (eSales) System;

2. Prescribe the guidelines for the effective monitoring of the sales generated from CRMs, POS machines and other invoice/receipt generating machines;

3. Prescribe the required reports to be generated by the eSales System;

4. Provide supplemental policies, guidelines and procedures in the implementation of Revenue Regulations (RR) No. 11-2004, particularly on the registration and cancellation of permit to use CRMs, POS machines and other invoice/receipt generating machines; and

5. Define the duties and responsibilities of all concerned offices in the implementation of RR No. 5-2005.

II. COVERAGE

The policies, guidelines and reportorial requirements prescribed herein shall be applicable to all taxpayers using CRMs, POS machines and other invoice/receipt generating machines classified as "stand alone" or linked to a computerized accounting system, including units used for training purposes, back-up and handheld machines or mobile devices as long as they are used to issue invoice/receipt to support sales transactions, except those being used to acknowledge collection.

III. DEFINITION OF TERMS

1. Monthly Sales – refers to the gross monthly total sales subject to value added tax (VAT), whether taxable (12%) or zero-rated (0%), net of VAT, discounts granted and other adjustments to sales, VAT exempt sales, and sales subject to other percentage taxes as stored in the machine's non-volatile memory.

2. Stand-Alone Machines – machines that run independently and have the capability to store information from a non-volatile memory installed inside the machine.

3. Machine Identification Number (MIN) – the unique, system-generated control number issued by the eSales System for each of the CRMs, POS machines and other invoice/receipt generating machines which serves as the permanent identification number of such machines.

4. Cloned Machine – a computer or device that functions exactly like another, better-known product. A machine without a specific/known brand.

5. Sales Report Number (SRN) – a number generated by the eSales System to confirm receipt of monthly sales report per machine.

6. Roving Machine – CRMs, POS machines and other invoice/receipt generating machines controlled and managed by the taxpayer's head office and transferred for use in any of its branches, as the need arises.

IV. GENERAL PROVISIONS

All taxpayers using CRMs, POS machines and other invoice/receipt generating machines enrolled in the eSales System, with or without sales transaction, are required to submit monthly sales report per machine to the BIR through the eSales System. Such monthly sales report per machine shall be submitted on or before the **8th** day of the month (for taxpayers whose last digit of the 9-digit TIN is even number) and **10th** day of the month (for taxpayers whose last digit of the 9-digit TIN is odd number) following the sales period.

V. POLICIES AND GUIDELINES

A. Enrollment of Authorized User to the eSales System

1. All taxpayers using CRMs, POS machines and other invoice/receipt generating machines are required to enroll their authorized user in the eSales System in order to access the said system. A duly notarized letter from the President/owner or any authorized officer of the company (single proprietorship) indicating the authorized user using the required format (Annex A) shall be submitted to the Large Taxpayers Assistance Division, Excise Taxpayers Regulatory Division or Large Taxpayers District Office (LTDO)/Revenue District Office (RDO) where taxpayer is

registered prior to enrollment in the eSales System. Enrollment can be done by either the head office or the branch using the machines.

2. Only one (1) user for the head office and one for each branch shall be allowed to enroll in the eSales System. However, they may request for additional user subject to the approval of the Head of the concerned Large Taxpayers Office/RDO considering the taxpayer's policy on who will be submitting the monthly sales report.

B. Reporting of Monthly Sales

1. All taxpayers using CRMs, POS machines and other invoice/receipt generating machines are required to submit to the BIR a monthly sales report per machine using the eSales System.

2. The monthly sales report shall contain the following information:

   a. Machine Identification Number (MIN);

      NOTE: In case the taxpayer forgot the issued MIN, he may obtain the MIN by accessing the eSales System using the MIN Retrieval Module.

   b. Month and year of sales being reported;

   c. If the same machine is being used for sales that are subject to VAT (including VAT exempt sales), and for sales that are subject to other percentage taxes, the breakdown of sales must be provided as follows:

      i. VATable Sales (net of VAT);
      ii. VAT Zero-rated Sales;
      iii. VAT exempt Sales;
      iv. Sales subject to other percentage taxes;

      NOTE: This breakdown of sales is required only when the same machine is capable of segregation; otherwise, the gross monthly sales per machine shall be the total or sum of the recorded sales.

   d. Serial Number of the last Invoice/Receipt or Transaction Number issued for the month being reported.

3. The gross monthly sales must be reported indicating the sales amount with two (2) decimal places but without the comma (,) sign.

   Example: 800,000.00 shall be reported as 800000.00 or if without sales - 0.00.

4. All machines enrolled in the eSales System with or without sales transactions shall be reported until such time that the permit to use and MIN have been cancelled. These include (i) machines with request for cancellation of the permit to use and the MIN but are still pending with the concerned LTS Office/RDO as of the time of sales reporting; (ii) machines that are not operational and defective but permit to use has not yet been cancelled; and (iii) machines that were registered as stand-by or back-up units.

5. Sales reporting can be done using either the online encoding (Annex B1) or file upload method (Annex B2).The file format required for the monthly sales report using the file upload method can be downloaded from the BIR web using the eSales System.

6. In case the eSales System is unavailable on the deadline of submission of the monthly sales report, the taxpayer must submit the monthly sales report in soft copy (CD format) using the prescribed format in Annex B2 to the concerned LTS Office/RDO following the procedures prescribed in Annex C on or before the third (3rd) day following the deadline.

7. In case of multiple submissions or amendments of the monthly sales report, the most recent submission shall be considered as the final monthly sales report. Amendments of monthly sales report for a particular month can be done up to three (3) times. However, machines whose monthly sales report have been amended more than three (3) times for the same sales period shall be subject for validation/inspection by the concerned LTS Office/RDO, provided that no electronic Letter of Authority (eLA)/Letter Notice (LN)has been issued covering the said particular month; otherwise, the incident report must be consolidated with the ongoing audit/investigation covered by the eLA/LN.

8. For every submission of the monthly sales report, the eSales System will assign a Sales Report Number (SRN) to acknowledge the receipt of such report by BIR. Taxpayer can view the summary of their monthly sales reports by accessing the eSales System. Taxpayer must keep the SRN for future reference.

9. Submission of monthly sales report can be done up to 11:59 pm on due date. However, for this purpose, the time of the BIR shall be considered the official time in determining whether the taxpayer submitted within the deadline.

10. In case the deadline falls on a non-working day, the next working day shall automatically be considered the due date.

11. The ISOS Data Center (ISOS DC)/concerned Revenue Data Center (RDC) shall handle technical issues and concerns raised by the taxpayers, while operational issues shall be handled by the concerned LTS Office/RDO.

12. The ISOS DC/RDC shall generate the following reports every 15th of the month for submission to the concerned LTS Offices/RDOs:

    a. List of Taxpayers with Registered Machines (Head Office and Branches) as of _____, 20__ (Annex D);
    b. List of Machines per Taxpayer with Monthly Sales Report Submission (Annex E);
    c. List of Machines per Taxpayer with No Monthly Sales Report Submission (Annex F);
    d. List of Machines per Taxpayer with Amended Monthly Sales Report Submission (Annex G);
    e. List of Machines with Cancelled Permits and MIN per Taxpayer (Annex H);
    f. List of Machines per Taxpayer with Zero Monthly Sales Report Submission (Annex I);
    g. Summary Report of Compliance per Taxpayer for the Month of _____, 20__ by RDO No. __, __*(name of office)*__ (Annex J);
    h. Sales Ledger per Machine as of _____, 20____ (Annex K).

13. The Systems Operations Division – Information Systems Operations Service (SOD-ISOS) shall generate the following reports every 15th of the month for submission to the Assistant Commissioner – LTS/Regional Director, copy furnish the Deputy Commissioner, Operations Group:

    a. Summary Report of Compliance per RDO by Region as of _____, 20__ (Annex L);
    b. Sales Matching Report (Annex M), copy furnish the concerned LTS Office/RDO.

14. The Head of the concerned LTS Office/RDO shall submit a written request to their respective data centers for other special and/or specific reports.

C. Registration in the Electronic Accreditation and Registration System

All existing CRMs, POS machines and other invoice/receipt generating machines without MIN shall be required to be registered through the Electronic Accreditation and Registration (eAccReg) System following the procedures in Revenue Memorandum Circular (RMC) No. 19-2009. Upon generation of the new permit to use, the manually issued/old permit to use shall be deemed revoked. Hence, the permit to use sticker previously issued should be surrendered to the concerned LTS Office/RDO, which shall be replaced with a new permit to use sticker indicating the new permit to use number and MIN. Any taxpayer found to be still using the old permit to use which has been cancelled/revoked shall be subject to the applicable penalty as provided under existing revenue issuances.

D. Cancellation of Permit to Use Sales Machine

1. Cancellation of permit to use shall be allowed under the following circumstances:
   a. Retirement of machines due to:
      i) Closure of business;
      ii) Change of hardware.
   b. Transfer of ownership/place of use:
      i) From one taxpayer to another taxpayer;
      ii) From one branch to another branch except roving machines;
      iii) Due to merger of companies with respect to the absorbed company(ies).
   c. Erroneous registration of machine with respect to the following:
      i) TIN;
      ii) Branch Code;
      iii) Classification of POS Machine.
   d. Change in software or major upgrade of software.

2. The request for cancellation of permit to use shall be submitted by the large taxpayer to the LTS Office having jurisdiction over its registered address, or to the RDO having jurisdiction over the address where the machine is located for non-large taxpayer.

3. Inspection of the machines of a large taxpayer shall be handled by the concerned LTS Office except outside Metro Manila or RDO having jurisdiction over the address where the machines are located for a non-large taxpayer. For LTDO-Cebu, branches of its taxpayers located outside the Cebu area shall be handled by the concerned LTS Office/RDO having jurisdiction over the address where the machines are located.

4. The corresponding Certificate of Cancellation shall be issued accordingly by the concerned LTS Office or RDO.

5. In cases where the reason for cancellation of the permit falls under D(1)(a)(ii) above, the taxpayer is required to request for a BIR representative from the concerned LTS Office/RDO where taxpayer is registered to witness the disposal of the machines.

VI. PROCEDURES

A. Enrollment of Authorized User in the eSales System

1. Taxpayer

   a. Submit a duly notarized letter indicating the name of the authorized user to the concerned LTS Office/RDO that has jurisdiction over the taxpayer.
   b. Receive notification on the approval of the authorized user.
   c. Enroll (authorized user) in the eSales System.

2. Concerned LTS Office/RDO

   a. Receive the notarized letter and forward the same to the ISOS DC/concerned RDC for uploading to the eSales System of the authorized user information upon receipt thereof.
   b. Receive notification from the ISOS DC/concerned RDC that the authorized user information has been uploaded to the eSales System.
   c. Notify the taxpayer on the approval of the authorized user and advise them to enroll in the eSales System.

3. ISOS DC/concerned RDC

   a. Receive the notarized letter from the concerned LTS Office/RDO.
   b. Upload the authorized user information in the eSales System.
   c. Inform concerned LTS Office/RDO thru email that the authorized user information has been uploaded.

B. Reporting of Gross Monthly Sales in the eSales System

1. Taxpayer

   a. Access the eSales System using the eSales icon of the BIR Website: http://www.bir.gov.ph.
   b. Submit the monthly sales report following the procedures prescribed in Annex C.
   c. Undertake the following procedure in case the eSales System is unavailable or for certain meritorious reasons:
      i. Submit manually the monthly sales report in soft copy using CD-R/DVD-R to the concerned LTS Office/RDO including the accomplished transmittal form (Annex N) in duplicate copies;
      ii. If soft copy is not compliant, re-submit the corrected monthly sales report within five (5) working days from receipt of report with error.
   d. View the SRN once the system is available.

2. Concerned LTS Office/RDO

   Upon receipt of the reports generated by the eSales System:
   a. Monitor and analyze the compliance of taxpayers.
   b. Send reminder letters (format in Annex O) to concerned taxpayers who failed to submit sales reports.
   c. Perform the necessary enforcement activity and impose applicable penalties, if warranted.

In case the eSales System is unavailable:

a. Validate the monthly sales report whether or not compliant with the prescribed format. If compliant, stamp "Received" on the transmittal form; otherwise, return the CD-R/DVD-R to the taxpayer for the necessary correction. Impose applicable penalty for late submission if re-submitted beyond the required time.
b. Transmit to ISOS DC/concerned RDC the monthly sales report within two (2) days from receipt for uploading to eSales System.
c. Receive from ISOS DC/concerned RDC the List of Errors in Uploading the Monthly Sales Report (Annex P) for correction of the report by the taxpayer.

3. ISOS DC/concerned RDC

a. Upload files to eSales System within 24 hours from receipt thereof.
b. Inform the concerned LTS Office/RDO if successful. In case uploading is not successful, submit the List of Errors in Uploading the Monthly Sales Report to the concerned LTS Office/RDO within the day upon verification.

C. Cancellation of Permit to Use Sales Machine and MIN

1. Manually Issued

a. Large Taxpayers

i. The request for cancellation of permit to use shall be submitted to the concerned LTS Office having jurisdiction over the taxpayer's registered address.
ii. Inspection of the machines shall be handled by the concerned LTS Office having jurisdiction over taxpayer's registered address. However, inspection of machines for branches located outside Metro Manila shall be handled by the concerned RDO where the machines are located. For LTDO-Cebu, branches of its taxpayers located outside the Cebu area shall be handled by the concerned LTS Office/RDO having jurisdiction over the address where the machines are located.
iii. Report on the inspection conducted shall be submitted by the RDO within five (5) days from the conduct of the inspection to the concerned LTS Office for the preparation of the cancellation of permit to use.
iv. The Certificate of Cancellation shall be issued by the concerned LTS Office within five (5) days after conduct of inspection or upon receipt from the RDO of the inspection report together with the complete documentary requirements.
v. Upon approval of the report of cancellation of permit to use, concerned LTS Office shall access the eSales System and cancel the MIN following the procedures in Annex Q.

b. Non-large Taxpayers

i. The request for cancellation of permit to use shall be submitted to the RDO having jurisdiction over the address where the machine is located.
ii. Inspection of machines shall be handled by the RDO where the machines are located.
iii. The Certificate of Cancellation shall be issued by the concerned RDO where the machines are located within five (5) days after the conduct of inspection.
iv. Upon approval of the report of cancellation of permit to use CRM/POS, RDO shall access the eSales System and cancel the MIN following the procedures in Annex Q.

2. eAccReg Issued

a. Large Taxpayers

i. The request for cancellation of permit to use shall be submitted to the concerned LTS Office having jurisdiction over the taxpayer's registered address.
ii. Inspection of the machines shall be handled by the concerned LTS Office having jurisdiction over taxpayer's registered address. However, inspection of machines for branches located outside Metro Manila shall be handled by the concerned RDO where the machines are located. For LTDO-Cebu, branches of its taxpayers located outside the Cebu area shall be handled by the concerned LTS Office/RDO having jurisdiction over the address where the machines are located.
iii. Report on the inspection conducted shall be submitted by the RDO within five (5) days from the conduct of the inspection to the concerned LTS Office for the preparation of the cancellation of permit to use.
iv. The Certificate of Cancellation shall be issued by the concerned LTS Office within five (5) days after conduct of inspection or upon receipt from the RDO of the inspection report together with the complete documentary requirements.
v. Upon approval of the report of cancellation of permit to use, concerned LTS Office shall access the eAccReg System and cancel the permit to use and MIN following the procedures prescribed in Annex R and other applicable provisions of RMC No. 19-2009.

b. Non-large Taxpayers

i. The request for cancellation of permit to use shall be submitted to the RDO having jurisdiction over the address where the machine is located.
ii. Inspection of machines shall be handled by the RDO where the machines are located.

iii. The Certificate of Cancellation shall be issued by the concerned RDO where the machines are located within five (5) days after the conduct of inspection.

iv. Upon approval of the report of cancellation of permit to use, RDO shall access the eAccReg System and cancel the permit to use and MIN following the procedures prescribed in Annex R and other applicable provisions of RMC No. 19-2009.

D. PENALTY PROVISIONS

Any violation of the provisions of RR No. 5-2005, as amended, and this implementing Order shall subject the concerned taxpayer to the penalty provided under Sec. 250 of the NIRC of 1997, as amended.

Taxpayers who will be found not submitting the required monthly sales report for three (3) consecutive months per machine shall be subjected to the following sanctions in addition to the penalty imposed under RR No. 5-2005:

1st Offense – Reminder Letter
2nd Offense – Machine Inspection/Post Evaluation
3rd Offense – Revocation of Permit to Use/Cancellation of MIN

Moreover, payment of penalty does not relieve the taxpayer from the submission of the monthly sales report; otherwise, the issuance and enforcement of Subpoena Duces Tecum shall be made in strict compliance with the procedures enunciated in RMO No. 88-2010 and other applicable revenue issuances and Taxpayers Compliance Verification Drive (TCVD) under RMO No. 3-2009 and to other enforcement measures that may be undertaken to compel taxpayer to fully comply with this Order.

VIII. TRANSITORY PROVISIONS

During the transition period the following guidelines shall be followed in cleaning-up and updating the registration database:

a. Taxpayers using CRMs, POS machines and other invoice/receipt generating machines which are not registered with the BIR shall apply for registration/permit to use using the eAccReg System.

b. Taxpayers must apply for the cancellation of the permit to use issued by the concerned LTS Office/RDO for CRMs, POS machines and other invoice/receipt generating machines which have been registered but are not being used or have been retired as of the effectivity of the required sales reporting.

c. RDO shall continue to process all pending applications for cancellation of permit to use filed by the taxpayer prior to the roll-out of the eSales System.

d. The concerned LTS Office/RDO shall use the "Cancel MIN Module" in the eSales System to cancel all machines that were issued permit to use CRM/POS prior to the effectivity of RR No. 11-2004 and were issued MIN under the eSales System, where an approval for cancellation of such permit to use has been granted by the concerned LTS Office/RDO. Such must be done within five (5) working days upon receipt of such approval for cancellation by the concerned LTS Office/RDO.

e. Taxpayer who are using handheld devices for the purpose of acknowledging payments/collections but were issued permit to use CRM/POS and MIN shall request for their cancellation with the concerned LTS Office/RDO that has jurisdiction over such taxpayer. The taxpayer shall apply for a permit to use Special Purpose Machine (SPM) as a replacement for the cancelled permit to use sales machine. Accordingly, any report made in the eSales System prior to the cancellation of such permit to use and MIN shall be amended immediately.

IX. REPEALING CLAUSE

Any revenue issuance inconsistent herewith is hereby amended, modified, revoked, or repealed accordingly.

X. EFFECTIVITY CLAUSE

This Order shall take effect on January 2012, however, for non-large taxpayers the initial reporting for the months of January to June shall be on July 8 or 10, 2012, whichever is applicable.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue