REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
Bureau of Internal Revenue
Quezon City

December 15, 2004

REVENUE REGULATIONS NO. 11-2004

SUBJECT : Rules and Regulations on the Accreditation, Registration and Use of Cash Register Machines (CRM), Point-of-Sale (POS) Machines and/or Business Machines Generating Receipts/Invoices

TO : All CRM, POS and Other Similar Business Machine Suppliers/ Distributors/ Retailers, All Business Establishments and All Internal Revenue Officials and Employees and Others Concerned

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1.0 Background

In recent years, the requirement for the inspection, evaluation and registration of Cash Register Machines (CRMs) and Point-of-Sale Machines (POSs) prior to their use, has posed increasing difficulties both to business establishments, and to the Bureau. In particular, administrative requirements and expenses have proved increasingly detrimental to the cost-effectiveness of the process, a cause for concern at a time when government is implementing austerity measures.

More importantly, the compliance burden imposed by the inspection-evaluation-registration process on taxpayer-establishments has become cumbersome for taxpayers. In addition, the increasing complexity of the CRM-POS registration process has negated its ultimate objective of having reliable data and records against which to assess the correctness of tax payments and the degree of tax compliance.

In this regard, these Regulations are being issued to:

- Re-focus the goals and objectives of the CRM-POS registration process to the effective supervision and control by the Bureau of the use of such machines,

- Simplify the registration process, and reduce the administrative requirements for the issuance of permits to use CRMs and/or POSs, thereby reducing the compliance burden shouldered by establishments submitting their CRMs and/or POSs to the process;

- Reduce administrative costs that may be incurred by the Bureau in the implementation of the registration process; and

- Ensure the speedy and efficient collation of accurate data on the transactions recorded through CRMs/POSs by the user-establishments.

2.0 Coverage

These Regulations shall cover all business machines utilized – in the conduct of business – to record sales transactions, and shall include Cash Register Machines, Point of Sales Machines, Taximeters, Handheld or Mobile Devices.

3.0 Definition of Terms

For purposes of these Regulations, the words and phrases herein provided shall be understood to mean as follows:

3.1 Cash Register Machine (CRM) – is a machine that has a memory and can record the sale/transfer of merchandise or services rendered, in lieu of a registered sales invoice or official receipt. A CRM uses a firmware, which is installed in a Electronic Programmable Read Only Memory (EPROM) chip. In electronic engineering, the term "firmware" is understood to mean a program which is burned on a non-volatile memory and which is used for the organization of an exactly-defined field of application. A machine-near program code ensures the shortest execution times, as well as highest operation and data security. Compared with traditional PC-systems, the hardware of firmware-controlled machines is usually structured to enable the machine to take ergonomic requirements into consideration.

3.2 Point-of-Sale (POS) Machine – is a computerized replacement for the CRM. The POS is much more complex than the CRM, inasmuch as the POS system has the capability to record and track customer orders, process and debit credit card accounts, link to other systems in the establishment's network, and manage inventory. Generally, a POS terminal has in its core a personal computer, which is provided with application-specific programs and input/output (I/O) devices for the particular environment in which it will be utilized. A POS system for a restaurant, for example, is likely to have all menu items stored in a database that can be queried for information in several ways. POS terminals are used in most industries that have a point-of-sale, such as a service desk; among the enterprises that use POS terminals are restaurants, lodging, entertainment establishments, museums, etc.

3.3 CRM/POS Machines Linked to Computerized Accounting System (CAS) – Cash Register Machines/Point-of-Sale machines that are electronically connected to a CAS, or are connected to a CAS through a central server via network as described in RMO No. 29-2002.

3.4 **Computerized Accounting System (CAS)** – It is the integration of an establishment's various accounting components, to generate a computerized Books of Accounts and computer-generated accounting records and documents.

3.5 **Stand-Alone CRM/POS machine** – are those machines that run independently and is not linked or connected to any other machine or system.

3.6 **System Enhancement** – Any change or modification in the system software or architecture components of a computerized application system that will change, add value or further improve the system.

3.7 **Volatile Memory** – Memory that loses its content when the power is turned off.

3.8 **Non-Volatile Memory –** Types of memory that retain their contents when power is turned off.

3.9 **Sales Machine** – is a machine or device that dispenses receipt/invoice for purposes of tendering sales transaction

4.0 General Provisions

The following general policies and guidelines shall be observed by taxpayer-establishments who intend to make use of CRMs and/or POSs:

4.1 **New Permits for Use of CRMs, POS and Similar Machines.** – Upon effectivity of these Regulations, only those CRMs / POSs that are found to be compliant with the machine specifications stated in Section 5.0, and have been duly registered in accordance with Section 9.0 hereof, shall be issued "Permits to Use", and shall be utilized to generate invoices/receipts required under Section 6.0.

4.2 **Validity of Previous Permits to Covering Machine Currently in Use. –** All Business Taxpayers are encouraged to switch to machines that are compliant with the provisions of these Regulations, particularly Sections 5.0 and 6.0 hereof, the soonest.

Cognizant of the fact that an immediate change over may not be possible for all establishments, all duly existing Permits to Use CRMS / POSs issued prior to the effectivity of these Regulations shall remain valid *until revoked by the Commissioner of Internal Revenue; Provided,* That the establishments making use of such machines shall comply with the reportorial requirements to be prescribed by a separate Revenue Regulations.

4.3 Immediate use of CRM/POS Machines. – CRMs / POSs may be used immediately by a business establishment without the need for prior inspection and authorization by the Bureau, provided the following conditions are met:

4.3.1 The machine/system model is among those already accredited by the Bureau following the accreditation system described under Section 7.0.

4.3.2 The *supplier* of the machine model has already registered the machine with the Bureau *on behalf of the user-business firm,* in accordance with the registration procedure described under Section 9.0.

4.3.3 If the concerned machine / system model has not been previously accredited in accordance with Paragraph 4.3.1 of this Section, but it is nonetheless fully compliant with the specifications of machines/systems as provided for under Sections 5.0 and 6.0, the manager/owner of the business establishment may himself register the machine/system, in accordance with the provisions of Section 9.0 hereof. The manager/owner shall then be issued a provisional authority to use the machines/system.

4.3.4 The Bureau reserves the right to inspect any machine/system registered under these Regulations at any time during store hours, to verify compliance with the specifications of a valid machine/system the data requirements of the generated invoice, the conditions for use of machines as well as other regulations that may be subsequently issued governing use of machines. Store personnel are thus required, under the authority granted for the use of the machine/system, to present the machine for inspection and reading by the concerned revenue personnel.

4.3.5 Any machine availing of the "immediate use" provisions of this Section that shall later be found to be non-compliant following inspection may be considered subject to seizure.

5.0 Machine Control Specifications/Features

To qualify for accreditation, registration and use, CRMs/POSs and similar business machines, must comply with the specifications enumerated below, to which compliance the machine manufacturer/dealer/distributor/vendor must attest thru a sworn declaration:

5.1 General Specifications / Features

5.1.1 The machine **must have a non-resettable accumulating grand total.** The **accumulating grand total sales** must have at least ten (10) digits (or 12 digits, including decimal points). The taxpayer must secure advance approval of the next accumulating grand total from the concerned Revenue

District Office within thirty (30) days before full consumption or utilization of the previously reported accumulating grand total.

A CRM must be equipped with a reset counter that advances by one (1) every time the accumulating grand total sales is reset to zero. POS machines and other types of similar machines must be capable of generating a unique sequential number for each transaction entered.

5.1.2 The machine must be tamper-free. It must **not be switchable to "training mode" or to "no-sale transaction mode" or of other manipulations that will avoid the recording of a sale transaction.** Further, the words "THIS IS NOT AN OFFICIAL RECEIPT." must be boldly printed on the paper tapes dispensed by the machine.

5.1.3 The machine and/or the central server must be able to generate a report showing the reading of daily sales and the accumulated grand total recorded therein;

5.1.4 The machine must have a non-volatile memory or must be equipped with a recovery/back-up system;

5.1.5 The machine must reflect and/or store information such as sales discounts, refunds, etc.

5.1.6 The machine must be capable of clearly indicating separately, in words, sales of taxable (VAT) and non-taxable (Non-VAT) items, in cases where the machine-user is engaged in both taxable and non-taxable business activities. Moreover, the machine must be capable of generating a report summarizing all VAT sales, and a separate report summarizing Non-VAT sales, to facilitate the review of each type of sales transactions.

5.2 For Cash Register Machines:

The machine must be equipped with two (2) rollers or their equivalent, one for the audit journal tape intended for audit and internal revenue tax purposes, and the other for the customers' tape copies which are issued as itemized and consecutively numbered receipts; *Provided,* that all tape receipts issued, and the data printed on the receipts, are of a quality that can be preserved for a period within which the Commissioner is authorized to make an assessment and collection of the taxes, as prescribed in Sections 203 and 222 of the National Internal Revenue Code (NIRC), as amended. Moreover, a safety mechanism must be installed that will prevent the operation of the machine if only one of the rollers is used.

When the machine is punched for the purpose of recording sales discounts, refunds, etc, the amount of sales discounts, refunds, etc., should automatically be

printed on the customer's tape receipt and on the audit journal tape or its equivalent.

5.3 For POS machines:

For POS machines that are connected to a server, all sales per POS must be automatically and completely recorded in the central server, where the stored data shall be preserved for a period within which the Commissioner is authorized to make an assessment and collection of the taxes pursuant to Sections 203 and 222 of the NIRC, as amended.

No machine model shall be accredited unless the distributor/dealer/vendor of the machine shall attest that the Bureau can view, validate and verify from the machine the sales/receipts summaries that will be submitted by the taxpayer pursuant to Section 6.0 of these Regulations. Monitoring controls and verification techniques must be disclosed by the distributor/dealer/vendor to the Bureau so that it can identify, among others, voided sales and actual sales not recorded in the proprietor's accounting records.

6.0 Receipt/Invoice Data Requirements/Structure

The sales machine shall generate receipts or invoices, which must show, among others, the data enumerated in Items **a** to **k** of this Section. Items a to d, however, should be uniformly provided in the Official Receipt Header. A sample design of the receipt shall be submitted upon application for accreditation.

a) Business Name;
b) Registered Taxpayer's Name with BIR;
c) Taxpayer's Identification Number (12 Digits including Branch Code);
d) Address where the machine will be used;
e) Receipt/Invoice Number (Minimum of 6 Digits);
f) Machine Model Accreditation Number;
g) Date of Transaction;
h) Quantity;
i) Product Description;
j) Amount of Transaction; (Separate totals for VAT and Non-VAT transactions);
k) "THIS SERVES AS AN OFFICIAL RECEIPT"

Businesses authorized to use CRM or POS machines are exempted from showing on the CRM/POS receipt the name, business style, address and Taxpayer Identification Number (TIN) of the purchaser. However, in case the purchaser is a VAT-registered entity and the concerned CRM/POS is not capable of showing the name, address and TIN of purchaser, *a manually pre-printed and pre-numbered sales invoice or official receipt with approved Authority to Print (ATP) must be requested by the purchaser and must be issued by the seller. Otherwise, the purchaser's claim for input tax will be disallowed.*

In case of the issuance of manual receipts, the CRM/POS-generated receipt should be attached to the duplicate manual receipt to avoid a double take-up of sales.

7.0 Accreditation of CRM / POS Brands and Models

7.1 Responsibility of Machine/System Suppliers. – In order to extend to prospective buyers/users of particular models the benefits of "immediate use" as described in Subsection 4.3 of these Regulations, suppliers must have the machines they intend to distribute/sell duly accredited by the Bureau *prior to the actual distribution/ sale of such machines.*

7.2 Accreditation of CRM/POS/Sales Generating Receipt/Invoice Machine Brands and Models. – Every supplier/distributor/dealer/vendor of CRM/POS machines must apply for the accreditation of their machine models and/or software with:

7.2.1 The National Office CRM/POS Machine Accreditation Board (NMAB), for supplier/distributor/dealer/vendor under the jurisdiction of the Large Taxpayers Service; or,

7.2.2 The Regional Office MAB (RMAB), for supplier/distributor/dealer/vendor under the jurisdiction of the Revenue District Offices.

7.3 Sworn Declaration Contents. - The application for accreditation shall be in the form of a Sworn Declaration by the supplier/distributor/dealer/vendor of the machine (Annex A), which must contain the following information:

(a) Name, address, business name/style and TIN, VAT or Non-VAT number of the distributor/dealer or vendor of the machine;
(b) For CRMs: brand, model, type of all its parts, whether electronic or mechanical, memory feature (whether with resettable or non-resettable accumulating grand total), and machine properties (whether new or secondhand);
(c) For POSs: brand, model, machine properties (whether new or second hand), and software to be used;
(d) Maximum accumulating sales capacity;
(e) Reset counter number; and
(f) Other essential features.

7.4 Attachments. – All applications must be supported by the following documents:

(a) A copy of the machine distributor/dealer/vendor's current Annual Registration Fee Return (BIR Form No. 0605);

(b) Copies of the Certificate of Registration of Business Name/Style of the machine distributor/dealer/vendor issued by the BIR and Bureau of Domestic Trade and Industry, and in case of corporations and partnerships, a copy of the Certificate of Registration issued by the Securities and Exchange Commission.

The aforesaid Certificates of Registration, however, shall no longer be required from a distributor/dealer/ vendor who has been previously granted accreditation of its other machine models/software.

(c) A sample receipt generated by the machine legibly showing the data required under Section 6.0 hereof.;

(d) A sample receipt showing the reading of the daily sales and accumulated grand total recorded in the machine;

(e) A Demo or Evaluation copy of the software to be used in the actual operation of the POS machines;

(f) The System Description and Design/Structure of the machine being submitted for accreditation

(g) The Master Reset Key/Password, *whichever is applicable,* that can be used in reading sales data of all units of the particular model being accredited;

(h) Machine brochure; and

(i) Operating manual.

An application shall not be considered as duly filed if any of the aforementioned documents have not yet been submitted together with the application.

7.5 **Machine Inspection.** – An actual system demonstration / machine inspection must be conducted by the applicant-distributor/dealer/vendor, and attended by the NMAB / RMAB concerned, to allow the Board members to determine if the machine is compliant with the conditions as set forth under Sections 5.0 to 7.0 of these Regulations.

7.6 **Issuance of the CRM/POS Machine Accreditation.** – Upon the recommendation of the C/P-MAB, the Revenue District Office / Large Taxpayers Assistance Division (LTAD) I and II / Large Taxpayers District Office (LTDO) shall issue the distributor/dealer/vendor the corresponding CRM/POS Machine Accreditation Certificate, duly signed by the Chief of the LTAD I or II, or the Chief of the LTDO concerned, if the distributor/dealer/vendor is a Large Taxpayer; or by the Revenue District Officer, if the distributor/dealer/vendor is a regular taxpayer. An accreditation number, which will be issued to the

distributor/dealer/vendor, shall be used in the registration of machines/software that will be subsequently sold to the user-establishments.

A list of all duly-accredited machines shall be posted at the BIR website: www.bir.gov.ph, to inform the taxpaying public and the machine owners/buyers of the machines that have been accorded official accreditation.

The accreditation granted under these Regulations is limited to the particular brand-model/software presented for evaluation and approval. It is understood that the any upgrading, integration or modification made in the machine shall be subject to prior approval.

7.7 Revocation of Accreditation. – Any violation of the foregoing conditions shall be considered as sufficient basis for the immediate revocation of the accreditation granted, and the distributor/dealer/vendor concerned shall be subjected to the appropriate sanctions under existing internal revenue laws and regulations.

8.0 CRM/POS Machine Accreditation Board

A CRM/POS Machine Accreditation Board (MAB) shall be created at the National Office (NMAB) to service the requirements of Large Taxpayers Service; and at each of the Bureau's Regional Offices (RMAB) to service the establishments registered thereat.

The NMAB and the RMABs shall conduct the appropriate evaluation and inspection procedures attendant to the accreditation of CRMs/POSs, and, if warranted, recommend approval of the "Application for Accreditation of CRM/POS Machine" submitted by the concerned distributors/dealers/vendors, prior to the sale / distribution of the machines being accredited to business establishments, in order to afford CRM/POS machine users the benefit of "immediate use" described in Subsection 4.3 of these Regulations.

The evaluation procedures must be undertaken and completed within five (5) working days from receipt of the application for accreditation and the complete documentary requirements.

The composition of the MABs shall be as follows:

8.1 National Office

Group I

Head	:	Chief, Large Taxpayers Assistance Division (LTAD) I
Asst. Head	:	Chief, Computer Operations, Network and Engineering Division (CONED) — Information Systems Operations Service Data

Center (ISOS–DC)

Members	:	Representative of Information Systems Operations Service — Data Center (ISOS-DC) Representative of LTAD I Representative of Large Taxpayers Audit and Investigation Division I

Group II

Head	:	Chief, Large Taxpayers Assistance Division (LTAD) II
Asst. Head	:	Chief, CONED – ISOS-DC
Members	:	Representative of ISOS-DC Representative of LTAD II Representative of Large Taxpayers Audit and Investigation Division II

8.2 Large Taxpayers District Office (LTDO)

Head	:	Chief, LTDO Makati / Cebu
Asst. Head	:	Chief, CONED of the nearest RDC (As designated by the DCIR – Information Systems Group)
Members	:	Representative of the concerned RDC Representative of Assessment Section of LTDO Representative of Taxpayer of LTDO Service Section

8.3 Regional Office/Revenue District Office (RDO)

Head	:	Concerned Revenue District Officer
Asst. Head	:	Chief, CONED of the nearest (RDC) (As designated by the DCIR – Information Systems Group)
Members	:	Representative of the concerned RDC Representative of Assessment Section of RDO Representative of Taxpayer of RDO Service Section

8.4 An application for accreditation shall be processed by the NMAB / RMAB concerned only if all the documentary requirements to support the Application have been submitted or satisfactorily complied with.

8.5 Upon the favorable recommendation of the NMAB / RMAB concerned, the approval and signing of the "Accreditation of CRM/POS Machine" shall be the responsibility of:

a) The Chief, LTAD I and II / LTDOs, in the case of suppliers/distributors/dealers/vendors of machines who are Large Taxpayers;

b) The Revenue District Officer concerned, for distributors/dealers/vendors of machines who are regular taxpayers.

9.0 Registration of Cash Register and POS Machines

A manufacturer/dealer/vendor/distributor must register – on behalf of the buyer/user – the Cash Register/POS Machine (Annex B) to be sold / distributed, not later than five (5) days from the date of sale of the machine, and before it is actually used by the buyer/user.

Such registration shall be done manually with the RDO / LTAD I and II / LTDO, or electronically through the Bureau's Electronic Mail (e-mail) or website. In registered the CRM/POS machine, the following information must be disclosed:

a. Taxpayer Identification Number (TIN) of the Buyer (12 Digits);
b. VAT or non-VAT number of the taxpayer-buyer;
c. Serial number, brand and model of the machine sold;
d. Present reading and date of reading;

If the application for Permit to Use CRM / POS Machines is filed through the Bureau's e-mail/website facilities, the applicant manufacturer/distributor/dealer/vendor will be issued a system-generated Permit, which may be print from the applicant's computer.

The Permit shall then be forwarded to the buyer of the machine, and shall serve as the taxpayer's authorization to use the machine. A Permit to Use must be securely attached to the back of the machine to which it refers, and must be *conspicuously visible to the public.* The serial number of the machine should also be printed in bold figures to facilitate verification.

Upon registration, an accreditation-registration number will be issued for the machine/software concerned. This number must be printed on the receipt/invoice pursuant to Section 6.0 hereof.

10.0 Conditions for the Use of CRM/POS Machines

The use by a Taxpayer of CRM/POS Machines shall be subject to the following conditions:

10.1 For users of Cash Register Machines:

10.1.1 A duly registered cash register sales book shall be maintained for each machine used, showing the columns required under Section 2.3 of RR No. 10-99.

10.1.2 No CRM be operated without the corresponding tapes installed on both rollers or its equivalent.

10.1.3 The imprint on the customers' and audit journal tapes, or their equivalent, should be legible at all times, and preserved pursuant to Sections 203 and 222 of the NIRC, as amended.

10.1.4 The subsidiary cash register sales book shall be kept at all times at the place where the CRM is located, and shall be available at any time for verification by duly authorized internal revenue officers. *All accounting records shall be preserved for a period within which the Commissioner is authorized to make an assessment and collection of the taxes so assessed as prescribed in Sections 203 and 222 of the NIRC, as amended.*

10.1.5 Electronic CRMs must be equipped with non-volatile memory, or used with working recovery systems, at all times;

10.2 For users of POS Machines:

10.2.1 All users of POS Machines must secure approval from the Bureau – in writing – for the use of such machines, for the subsequent document range of serial numbers to be used at least one (1) month before the previously authorized document range numbers is consumed.

10.2.2 No POS Machine shall be operated without the corresponding electronic journal.

10.3 For users of BOTH CRM and POS Machines:

10.3.1 All number of resets must be duly recorded and reported to the Bureau as required under Paragraph 5.1.1, Subsection 5.1, Section 5.0 of these Regulations;

10.3.2 All machines shall not be switched to "training mode" or to "no-sale transaction mode", or otherwise manipulated to impair / impede / suspend the recording of a sale transaction, unless the receipt/invoice clearly indicates the qualifier "THIS IS NOT AN OFFICIAL RECEIPT" as required under Paragraph 5.1.2, Subsection 5.1, Section 5.0 hereof ;

10.3.3 The concerned machine shall be used exclusively in the operation of only one line of business covered by the Permit to Use. If the enterprise is conducted simultaneously with another line of business for which no cash register permit has been issued, sales made in the latter line of business shall be covered with the corresponding issuance of registered sales invoices or receipts;

10.3.4 The machine user shall not change his business name or the use of the registered machine, or transfer to another business location, branch or establishment or otherwise, *without prior written notice to the proper the Bureau office having jurisdiction over the principal place of business of the proprietor.*

10.3.5 A machine user who has been issued a Permit to Use CRM / POS Machine shall not have the machine repaired, upgraded, changed, modified, updated, or otherwise removed from its specified location, without prior written notice to the proper Bureau office having jurisdiction over the principal place of business of the proprietor.

10.3.6 Following the repair, upgrade, change, modification, update or otherwise, and prior to the re-use of the concerned machine, the user and the person who made the repair / update / change / modification / update shall submit a joint sworn statement attesting to such development to the Chief, LTAD I or II / Chief, LTDO / RDO having jurisdiction over the concerned user (Annex B). The machine shall then be inspected and evaluated by the NMAB / concerned RMAB prior to its actual use.

10.3.7 Registered machines may be withdrawn from use, either by retirement or sale, only upon prior application of, and approval by, the Chief, LTAD I or II / Chief, LTDO / concerned RDO. Upon receipt of the application for withdrawal from use, the concerned Bureau office shall cause the immediate verification of said machine and the accounting records kept in connection therewith, to ensure that all the sales data registered in the machine up to the last day it was used are properly recorded for internal revenue purposes.

The approval for withdrawal shall show the following information as of the date of retirement or sale:

a) The reset counter number;
b) The accumulated grand total sales; and
c) The number of the last cash register receipt issued.

Upon issuance of the approval for withdrawal, the user shall submit the Permit to Use previously granted for the concerned machine, for immediate cancellation by the Bureau office concerned.

10.3.8 In no case shall a CRM or POS machine be used without the customer's receipt clearly indicating all the data required under Section 6.0 of these Regulations, except in the case of machines where the user has been authorized by the Chief, LTAD I or II / Chief, LTDO / RDO concerned to use the same, pending the completion of the installation of the official receipt header, for a period not exceeding thirty (30) days from the date of such authority.

10.3.9 In order to maintain the consecutive sequence of the transaction numbers imprinted on the customer's receipts and the audit journal tapes, the receipt numbering mechanism/circuit of a registered machine shall not be disturbed or tampered with.

11.0 Summary List of Machines Sold

All machine distributor/dealer/vendor shall submit electronically (e-mail or Web) to the LTAD I or II / LTDO (for Large Taxpayers) or to the RDO concerned (for regular taxpayers), a Summary List of Machines Sold (Annex C), within fifteen (15) days from the end of each taxable quarter. The Summary List shall provide the following information:

a. Machine accreditation-registration number;
b. BIR Issued Provisional Permit Number;
c. Brand and Model of the machine;
d. Date of Sale;
e. Date of Registration;
f. Name and TIN VAT or non-VAT of the buyer-proprietor;
g. Kind/line of business and the address/branch where the machine is used;
h. Present reading and date of reading; and
i. Software used and customizations made thereto for POS machines.

Following submission to the appropriate Bureau office, the Summary List will be reconciled with the Registration Database of the Bureau. Any discrepancy thereof shall be subject to verification by the concerned Revenue District Officer.

12.0 Cash Register Machines Used for Internal Control

Any proprietor, owner or operator of a business establishment may use a cash register or POS machine of any type for "internal control purposes", *Provided* that, duly registered sales invoices or receipts are issued for every sale.

However, such proprietor, owner or operator shall first notify the machine distributor/ dealer/vendor of his intention to use the machine solely for "internal control" purposes. The machine distributor/dealer/vendor shall likewise inform the appropriate Bureau office of such

intention, and shall secure a poster from the said Office which shall be securely attached at the back of the machine conspicuous to the public, showing the following qualifier:

"**WARNING — THIS MACHINE IS NOT AUTHORIZED TO ISSUE RECEIPT**.

ASK FOR SALES INVOICE. REPORT ANY VIOLATION TO THE B.I.R.

COMMISSIONER OF INTERNAL REVENUE" (Annex "I")

At no time shall the poster be detached or covered from public view.

However, CRMs without a built-in receipt-dispensing mechanism or roller on which to mount the customers' roll may be used for internal control purposes without complying with the foregoing requirements.

13.0 Registration of Other Kinds/Types of Cash Register Machine and/or Inclusion of Other Lines of Business

A CRM with the built-in capacity to accumulate sales data of different lines of business may be authorized by the Commissioner to issue cash register receipts for all such different lines of business, *Provided,* however, that the distinction of sales by lines of business shall be clearly indicated on the machine paper tapes *in words* rather than in codes or symbols.

Applications for the use of a CRM for the aforestated purpose shall be filed by the machine distributor/dealer/vendor with the Chief, LTAD I or II / Chief, LTDO / Revenue District Officer having jurisdiction over his principal place of business.

The Chief, LTAD I or II / Chief, LTDO / Revenue District Officer concerned shall, in turn, cause the investigation of the veracity and merit of the applicant's representations on the built-in mechanisms and operating features of the machine, and on the necessity for its use on such other line or lines of business. A written report on such verification shall be submitted to the DCIR – Officer-in-Charge, Large Taxpayers Service, or to the Regional Director concerned, for further appropriate action.

13.1 Unmanned bill, coin or token-operated machines. – An unmanned machine capable of dispensing goods and services in exchange for bills, coins or tokens *without the capacity for issuing cash register receipts* must be registered in the same manner as provided in the foregoing provisions. Cash receipts of each machine must likewise be included in the Quarterly Summary List of Cash Receipts per Cash Register or POS machine (Annex C) prescribed under Section 6 hereof.

13.2 Taxi-Meters. – A separate Revenue Regulation shall be issued for the specification of qualified taxi meters. However, the procedure for accreditation

and registration of CRM / POS machine/systems described herein shall likewise covers taxi-meters.

14.0 Transitory Provision

All distributors/dealers/vendors selling business machines must submit to the Chief, LTAD I or II / Chief, LTDO / RDO concerned an inventory of machine stocks not compliant with the provisions of these Regulations, together with a time table indicating when these machine stocks will be consumed and when they will sell only those machines compliance with these Regulations.

While no penal sanctions are provided at this time, all suppliers are urged to immediately pull out of distribution/sale machines that do not comply with the provisions of these Regulations, and to warn buyers on the repercussion of using non-compliant machines.

15.0 Repealing Clause

All revenue regulations, circulars, orders or memoranda or portions thereof which are inconsistent herewith are hereby repealed or modified accordingly.

16.0 Effectivity

These Regulations shall take effect after fifteen (15) following publication in the newspaper of general circulation.

(Original Signed)
JUANITA D. AMATONG
Secretary of Finance

Recommending Approval:

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue