REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

January 24, 2013

REVENUE REGULATIONS NO. 3-2013

SUBJECT : Prescribing the Use of Electronic Official Register Books for Manufacturers of Tobacco Products and Regulated Raw Materials

TO : All Internal Revenue Officials and Others Concerned

BACKGROUND

The Bureau of Internal Revenue (BIR), in its pursuit to improve the excise tax administration via the information technology environment, has initiated the development of the electronic Official Register Book (eORB) System that will replace the manual preparation and submission of ORBs prescribed from taxpayers dealing with articles subject to excise tax. This effort will not only provide service convenience on the part of excise taxpayers but will likewise cater to the information requirements of the BIR.

These Regulations are hereby issued to initially implement the use of the eORB System by the Tobacco Industry, with the end in view of applying it across all taxpayers dealing with articles subject to excise tax.

SECTION 1. SCOPE. – Pursuant to the provisions of Section 244 in relation to Section 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to prescribe the use of eORB System for manufacturers of cigarettes, cigars and cigarette papers, including traders/dealers of whole leaf tobacco and partially manufactured leaf tobacco.

SEC. 2 DEFINITION OF TERMS. – For purposes of these Regulations, the following words and phrases shall be defined as follows:

(a) Assessment Number – shall refer to the permanent and official number assigned and issued, for excise tax purposes, by the BIR to a specific business operation, or a part thereof, of a taxpayer dealing with excisable tobacco products. Thus, a taxpayer solely engaged in the importation of cigarettes shall be issued an assessment number. However, in case a taxpayer is a cigarette manufacturer, a separate and distinct assessment number shall be issued respectively to the storage of whole tobacco, processing and storage and partially manufactured leaf tobacco, cigarette making and the storage of the finished goods;

(b) Authorized Officer – shall refer to a senior officer of the taxpayer enrolled in the eORB System and authorized to review and submit the accomplished eORB Form. The authorized officer is the same authorized person who attests and signs, in behalf of the taxpayer, on the manually prepared ORBs and transcripts thereof;

(c) Encoder – shall refer to the person employed and authorized by the taxpayer to enter or encode all the transaction details into the eORB System;

(d) Enrollment – shall refer to the on-line registration of all the taxpayer's designated authorized representatives in the eORB System for accountability and security purposes;

(e) eORB Form – shall refer to the prescribed document generated by the eORB System submitted to the BIR containing all the encoded daily transaction details of the taxpayer's operations under the same format of the manually prepared ORB;

(f) Finalize – shall refer to the act of determining that the encoded transaction details are correct and complete and therefore considered final for purposes that the said details can already be included in the generation of the eORB Form;

(g) Reference Document – shall refer to the document evidencing a particular transaction the details of which are encoded into the eORB System, such as but not limited to, Excise Tax Removal Declaration, ODI-GUIA, Purchase Invoice, etc.;

(h) The System – shall refer to the eORB System;

(i) Submission – shall refer to the electronic transmittal of the accomplished eORB Form, after all the encoded transactions were already finalized, through the facility of the eORB System; and

(j) Synchronization process – shall refer to the process of downloading from the eORB's website by the taxpayer of all the pertinent list of codes, values, rates and other information in order that the database in the taxpayer's installed eORB System is harmonized with that of the BIR eORB System.

SEC. 3. ENROLLMENT FOR AND INSTALLATION OF THE eORB SYSTEM. – For purposes of enrollment in the eORB System, all manufacturers of cigarettes, cigars and cigarette papers, including traders/dealers of whole leaf tobacco and partially manufactured leaf tobacco (i.e., L-3, L3R, L½ and L6), shall initially file with the Chief, Excise LT Field Operations Division a written request for access to the system, together with a duly notarized Board Resolution in case the taxpayer is a juridical entity, or an affidavit, in case of a sole proprietor stating, among others, the names of its representatives authorized to register and maintain a user account, either as an encoder or as an authorized officer, in the system. For this purpose, an encoder authorized by the taxpayer to finalize an encoded transaction shall be required to be enrolled in the system.

Subsequently, the authorized officer and/or the encoder shall access the BIR website at www.bir.gov.ph and locate and click the eORB icon where he/she shall be automatically redirected to the eORB home page to initiate the enrollment process. All the fields as represented by blank boxes provided in the enrollment form shall be filled up and all instructions shall be complied with in order to complete the enrollment process. Thereafter, the taxpayer/s authorized officer and/or encoder shall receive an email notification validating the email account provided. Consequently, said taxpayer/s shall be advised through email that BIR approved their application for enrollment.

Upon receipt of the email notification of BIR's approval of their enrollment application, the authorized officer shall access the eORB home page, through his/her enrolled username and password, and install the system by downloading the same into the taxpayer's desktop computer.

In the initial use of the system, the synchronization process of data shall be undertaken by the authorized officer and encoder in order that all the functionalities of the system can be utilized. Thereafter, this process shall be initiated regularly in order to have an updated reference values in the database of the taxpayer's installed system.

In order to gain access into the system the authorized officer shall create encoder user accounts and authorized officer user account using the *User Management m*odule of the system under which assessment numbers assigned to the designated encoders and authorized officer of the excise taxpayer shall be subject to approval by the BIR. The authorized officer shall be responsible for the activation and deactivation of user accounts, including the finalization of each encoded transaction, as well as the generation and submission of the eORB Forms. The encoders shall not be allowed to create other user accounts nor submit the ORB Forms.

For expediency on the part of the excise taxpayer, encoding of transactions of the taxpayer operations can be made off-line, without the need of connecting to the eORB System: *Provided, however,* That, for purposes of initially generating the eORB Forms, whether by the taxpayer or by the BIR, there is a need to finalize the encoded transactions and, therefore, the proper connection with the eORB System shall be made.

The BIR shall ensure that the necessary briefings/trainings of the concerned excise taxpayers are conducted prior to the actual implementation of these Regulations in order to provide and clarify the details of the aforesaid enrollment and installation requirements as well as the usage of the system.

SEC. 4. DEADLINE FOR SUBMISSION OF eORB FORM. – All excise taxpayers who are covered by the eORB System shall transmit automatically the duly accomplished eORB Forms within five (5) calendar days immediately after the end of the month of operation. Any amendment in the entries of the ORBs that have been submitted by the authorized officer of the excise taxpayer shall be made anytime within the year of the taxpayer's operations but not later than January 31 of the immediately succeeding year of the taxpayer's operations: *Provided, however,* That amendments shall be made only once for each reference document: *Provided, finally,* That every amendment shall be subject to the approval of the Chief, Excise LT Field Operations Division through an email notification.

SEC. 5. TAXPAYERS WITH ORBs ELECTRONICALLY GENERATED BY ITS OWN COMPUTERIZED ACCOUNTING SYSTEM. – In cases where a taxpayer's own computerized accounting system has the capability to automatically generate and print the ORBs, the taxpayer shall coordinate with the BIR for purposes of determining the manner on how the taxpayer can submit the ORB electronically through the eORB System. The submission of ORB to the BIR through external storage facilities such as, but not limited to, magnetic disks, memory sticks or cards, external hard drives, etc. shall not be allowed.

The BIR shall be immediately notified in writing, for purposes of re-evaluation and approval, prior to any change or enhancement of the computerized accounting system that will affect any transaction covered by the eORB System.

SEC. 6. TRANSITORY PROVISIONS. – The preparation of manual ORBs and submission of transcripts thereof to the BIR shall be terminated upon effectivity of these Regulations: *Provided, however,* That all transactions engaged by all concerned excise taxpayers beginning February 1, 2013 shall already be encoded into the eORB System with the duly accomplished eORB Form for the month of February, 2013 transmitted, through the eORB homepage thereof, on or before March 5, 2013: *Provided, further,* That, for purposes of expediency, the eORB System shall be initially implemented for use by the major tobacco industry players identified by the BIR and a proper prior notice shall be issued for the implementation thereof to the other tobacco industry players.

SEC. 7. PENALTIES. – Any violation of these Regulations shall be subject to the corresponding penalties under the pertinent provisions of the NIRC of 1997, as amended, and

applicable regulations.

SEC. 8. SEPARABILITY CLAUSE. - If any provision of these Regulations is declared invalid by a competent court, the remainder of these Regulations or any provision not affected by such declaration of invalidity shall remain in force and effect.

SEC. 9. REPEALING CLAUSE. – The provisions of any existing regulations, rulings or orders, or portions thereof inconsistent with the provisions of these Regulations are hereby revoked, repealed or amended accordingly.

SEC. 10. EFFECTIVITY. – These Regulations shall take effect fifteen (15) days immediately after publication thereof in leading newspaper of general circulation.

(Original Signed)
CESAR V. PURISIMA
Secretary of Finance

Recommending Approval:

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

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