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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

January 12, 2016

REVENUE REGULATIONS NO. 3-2016

SUBJECT: Prescribing the Policies and Guidelines on the Adoption of Credit/Debit/Prepaid Card Payments as Additional Modes of Payment of Internal Revenue Taxes

TO: All Internal Revenue Officers and Others Concerned

SECTION 1. Statement of Policy and Objectives. - One of the principles of a sound tax system is administrative feasibility. This means that tax laws must be capable of effective and efficient implementation and enforcement. In order to ease the burden to the taxpayers in the payment of internal revenue taxes, it is imperative that alternative modes of tax payments to cover full or partial payment of internal revenue taxes, including interest, penalties, surcharges and other applicable fees, must be provided for the convenience of both the tax administration and the taxpaying public.

Accordingly, and pursuant to the provisions of Sections 244 and 245(g) of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated in order to:

1. Make available to taxpayers an additional mode of payment of taxes;

2. Reduce the burden and difficulties experienced by taxpayers in the payment of internal revenue taxes and other applicable fees; and

3. Prescribe the policies and guidelines in the implementation of the Credit/Debit/Prepaid Card Payment System as an additional mode of payment of taxes and other applicable fees.

SECTION 2. Definition of Terms. – For purposes of these Regulations, the following terms shall be construed to mean:

1. ***Credit Card*** is defined as any card, plate, coupon book, or other credit device existing for the purpose of obtaining money, goods, property, labor or services or anything of value on credit[1]. It is a payment card usually issued by banks to users (cardholders) as a method of payment.

2. ***Debit Card*** is a payment card otherwise known as a bank card or check card that provides the cardholder electronic access to their bank

[1] *Section 3f of RA 8484 The Access Devices Regulation Act of 1998*

account(s) at a financial institution. Some cards may bear a stored value with which a payment is made while most cards relay a message to the cardholder's bank to withdraw funds from a payer's designated bank account. It allows the cardholders to spend money that they already have in a deposit account that is linked to the card or a pool of money that has been "loaded" onto the card.

3. ***Prepaid Card*** is a payment card that provides the cardholder electronic access to their stored value account at a financial institution or electronic money issuer authorized by the Bangko Sentral ng Pilipinas (BSP). Funds for payment are deducted from the remaining balance/stored value on the card of the holder. Prepaid cards can be in the form of cash card, stored-value card or electronic wallet.

4. ***Tax Payment*** is defined as the delivery of money[2] to fulfill a legal obligation as provided by the NIRC of 1997, as amended. Payment through credit/debit/prepaid card, being an electronic transaction, shall be deemed consummated upon the approval of the transaction by the card issuer as evidenced by a duly issued payment confirmation receipt.

5. ***Authorized Agent Bank (AAB)*** refers to a commercial or universal bank authorized by the BIR in accordance with the criteria for accreditation under pertinent revenue issuances to collect internal revenue taxes and receive the corresponding returns/attachments.

6. ***Cardholder*** is the holder of the credit/debit/prepaid card issued under its/his/her name used to make the tax payment.

7. ***Taxpayer*** means an individual or non-individual taxpayer who wishes to pay its/his/her tax liabilities using a credit/debit/prepaid card under its/his/her own name.

8. ***Acquirer*** is an AAB accepting payment of taxes and other applicable fees thru credit/debit/prepaid cards on behalf of the BIR, processes such tax payments of the taxpayers-cardholders, and remits the same directly to the Bureau of the Treasury (BTr).

9. ***Card Issuer*** refers to a bank or financial institution authorized by the BSP that issues the credit/debit/prepaid card directly to the consumer. It assumes the primary liability for the cardholder's capacity to pay for payments made using the card.

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[2] *Donnina C. Halley vs. Printwell, Inc. GR No. 157549 dated May 30, 2011*

10. ***Tax Remittance*** is defined as the remittance to the Bureau of the Treasury (BTr) by the AAB-Acquirer of the tax payments made by taxpayers-cardholders.

11. ***Card Payment Information System (CPIS)*** – is the information system that implements the mechanics of electronic transactions. It involves the maintenance of database of all pertinent information on cardholders, merchants, details of transactions, etc., that are processed thru the system and is capable of generating reports on all required information by its users.

12. ***Electronic Payment Service Provider (EPSP)*** - refers to the third-party entity that facilitates online payment transactions of the taxpayers-cardholders, captures required transaction information, and generates prescribed reports to the BIR and the Acquirer.

13. ***Card Processor*** – refers to an entity that processes the card payment transactions and is responsible for obtaining the payment approval from the card issuer through the card network.

14. ***Card Network*** – refers to the existing card "brands" like *Visa, Mastercard,* etc.

SECTION 3. General Policies and Guidelines. –These Regulations shall be governed by the following policies and guidelines:

1. Payment of taxes by credit/debit/prepaid card shall be voluntary or optional on the part of the taxpayer. As such, the taxpayer shall bear the convenience fee and other fees being charged by banks and/or credit card companies for the use of this payment facility; and, that such fees, including the "Merchant Discount Rate" (MDR), shall, in no case, be deducted from any amount of tax due to the BIR;

2. In the payment of taxes, thru credit/debit/prepaid card, the taxpayer has the option to choose from the available online payment facilities provided by the EPSP for the processing of its/his/her tax payments;

3. The authority to accept tax payments, thru credit/debit/prepaid cards, and act as Acquirers shall be limited to AABs only. However, prior to the issuance of the BIR notification to the concerned AAB for the latter's authority to accept tax payments, thru credit/debit/prepaid cards, the following conditions shall be satisfied:

    a. The CPIS of the AAB-Acquirer shall be tested and approved by the BIR;

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b. A Service Level Agreement (SLA) between the BIR and the AAB-Acquirer shall have been entered into; and

c. The List of Card Issuers being enabled by the AAB-Acquirer shall be submitted to the BIR before the execution of the SLA. Any addition, deletion or amendment to the submitted List shall be reported in writing to the BIR within five (5) days after the change/s or amendment/s thereto has/have been introduced.

4. The BIR shall neither have any responsibility nor liability on any issues concerning the taxpayer-cardholder and the card issuer, including, but not limited to, "charge back", erroneous posting or charging, non-payment of the taxpayer-cardholder to the issuer, and other issues.

5. In case the taxpayer-cardholder made erroneous tax payment transactions through this prescribed payment mode, the same shall not give rise to any automatic "charge back" to the taxpayer-cardholder's account. In meritorious cases, the taxpayer shall apply for refund/tax credit with the BIR in accordance with existing revenue issuances.

6. Only the Philippine-issued credit/debit/prepaid cards under the name of the taxpayer-cardholder shall be used in payment of its/his/her tax liabilities;

7. The AABs-Acquirers shall be primarily responsible in ensuring that all payment transactions, thru credit/debit/prepaid cards, are accurately and timely reported to the BIR and BTr, and the same are timely remitted to the latter. The time, manner and format of reporting/submission/ transmission of collection reports, and the tax remittance to the BTr shall be in accordance with existing provisions of the Memoranda of Agreement among the AABs, BIR and BTr, as well as with the provisions of Treasury Circular No. 03-2013 dated December 11, 2013 and other relevant rules and regulations pertinent thereto.

   Furthermore, in case the EPSP is not the AAB-Acquirer, the said EPSP shall electronically transmit to the BIR pertinent details of all daily payment transactions and other required information. The prescribed reports shall be electronically submitted by the EPSP directly to the BIR on a daily basis not later than 9:00a.m. of the following day.

   The penalties for late transmission, procedural errors, late reporting and remittance shall be imposed pursuant to existing rules and regulations.

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SECTION 4. (a) When Payment is Deemed Made. - The payment of taxes through credit/debit/prepaid card, shall be deemed made on the date and time appearing in the system- generated payment confirmation receipt issued to the taxpayer-cardholder by the AAB-Acquirer, provided that payment is actually received by the BIR pursuant to these Regulations.

(b) Payment not made. – Continuing liability of the taxpayer. The taxpayer is not relieved of, and has a continuing liability for, such taxes until the payment is actually received by the BIR. This continuing liability of the taxpayer is in addition to any liability of the AAB-Acquirer pursuant to the Service Level Agreement entered into by the BIR and the AAB-Acquirer.

SECTION 5. Filing of the Corresponding Tax Return. - In the initial implementation of the herein prescribed mode of tax payment, the taxpayer shall electronically file the corresponding tax returns.

Thereafter, and once the existing BIR systems have been enhanced, the filing of the corresponding tax returns by the taxpayer, through other channels or facilities, shall be adopted, and the same shall be covered by a separate revenue issuance.

SECTION 6. Security of Information. – The identity, security, authority, capability of the taxpayer-cardholder transacting with the BIR using its/his/her credit/debit/prepaid card in tax payments and transmission of data shall be secured through encryption and use of relevant industry-standard technologies such as Secure Socket Layer (SSL).

SECTION 7. Repealing Clause. – Any rules and regulations, issuances or parts thereof inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.

SECTION 8. Effectivity. - These Regulations shall take effect fifteen (15) days immediately following publication in leading newspaper of general circulation.

CESAR V. PURISIMA
Secretary of Finance

Recommending Approval:

for
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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