REPUBLIC OF THE PHILIPPINESE
DEPARTMENT OF FINANCE
BUREAU OF INTENRAL REVENUE
Quezon City

June 29, 2009

REVENUE REGULATIONS NO. 7 - 2009

SUBJECT : Implementing the Electronic Documentary Stamp Tax System to Replace the Documentary Stamp Tax Electronic Imprinting Machine.

TO : All Internal Revenue Officers and Others Concerned.

SECTION 1. SCOPE. - Pursuant to Section 244, in relation to Section 245 of the National Internal Revenue Code of 1997, as amended, these Regulations are hereby promulgated to implement the Electronic Documentary Stamp Tax (eDST) System as replacement of Documentary Stamp Tax Electronic Imprinting Machine (DSEIM) thereby amending certain provisions of Revenue Regulations No. 9-2000, as amended.

SECTION 2. BACKGROUND. - On November 22, 2000, Revenue Regulations No. 9-2000 dated August 31, 2000 was issued for the mandatory use of on-line Documentary Stamp Tax Electronic Imprinting Machine (DSEIM) for identified taxpayers/users based on set threshold. The on-line DSEIM refers to a device capable of imprinting the value of the documentary stamp tax (DST) and other relevant data on the taxable document, with remote loading and resetting feature, and/or with built-in modem which enables users to load/purchase the DST value through an on-line set up or electronic data transmission with the Bureau of Internal Revenue (BIR).

For both the users/taxpayers and the BIR, however, there were issues and problems that surfaced during its implementation, such as loading limitation, error in loading and affixture of stamps, absence of added security in the system, expensive maintenance cost of machines, etc. In addition, the current system is not capable of providing the necessary documentary stamp details/information that are needed by the BIR top management and process owners (e.g., details of affixtures/usage per machine, generation of required reports, linkage with the BIR-ITS). Furthermore, the said system only captures the remittance, loading and the accumulated total usage of DST of each machine.

On account of these limitations, the web-based eDST System that will use a separate hardware/machine to imprint a secured stamp on the document has been developed. The said web-based system aims to resolve the issues and problems being encountered by the users/taxpayers and the BIR in the use of the DSEIM.

SECTION 3. OBJECTIVES. – The implementation of eDST System for the payment and utilization of DST for taxpayers belonging to certain industries specified in Section 4 of these Regulations is envisioned to:

1. Improve taxpayer service by developing a more convenient, efficient and secured system by giving taxpayers access to their own information via internet;

2. Monitor strictly the payments and utilizations of DST;

3. Ensure that the correct amount of DST due is imposed and duly stamped on the taxable document; and

4. Generate comprehensive reports on a timely basis for monitoring purposes.

SECTION 4. COVERAGE. - Any taxpayer belonging to the following industries is mandated to use the web-based eDST System in the payment/ remittance of its/his/her DST liabilities and the affixture of the prescribed documentary stamp on taxable documents, except those expressly exempted by the Commissioner of Internal Revenue, on meritorious grounds:

1. Bank, quasi-bank or non-bank financial intermediary, finance company, or insurance, surety, fidelity, or annuity company;

2. Shipping and airline companies;

3. Pre-need company on sale of pre-need plans, as provided under Section 186 of the Tax Code;

4. Educational institution, in respect to the issuance of taxable certificates such as Diploma, Transcript of Records, and other documents taxable as certificates under Section 188 of the Tax Code; and

5. Such other industries as may be required by the Commissioner to use the "web-based eDST System" upon written notification therefor.

These Regulations shall also apply to taxpayers who, at their option, choose to pay their DST liabilities thru the eDST System.

Prior to the enrollment in the eDST System, taxpayers availing thereof, whether on the mandatory or optional basis, shall be duly enrolled under the BIR eFPS. In paying the DST under the eDST System, the Documentary Stamp Tax Return (BIR Form 2000) shall be filed and the amount due thereon shall be paid thru the eFPS/eFTIS for

taxpayers/Authorized Agent Banks (AABs) on their own tax liabilities, respectively. However, payments of DST arising from transfer of shares of stocks classified as capital asset or real property classified as capital or ordinary assets, shall **not** be covered by these Regulations.

SECTION 5. DEFINITION OF TERMS. - For purposes of these Regulations, the terms herein provided are defined as follows:

1. **Electronic Documentary Stamp Tax (eDST) System** is a web-based application created for taxpayers and the BIR that is capable of affixing a *secured* documentary stamp on the taxable documents as defined under the appropriate provisions under Title VII of the National Internal Revenue Code of 1997, as amended, thru the use of a computer unit, any laser printer with at least 1200 dpi resolution, and Internet Explorer 7.0 It is also capable of providing a 3-layer watermark on stamps for added security.

2. **Documentary Stamp Tax Electronic Imprinting Machine (DSEIM)** – is a device capable of imprinting the value of the DST and other data on the taxable document with remote loading and resetting feature, and with built-in modem which enables the users to load the DST thru an on-line set-up or electronic data transmission with the BIR using the Revenue Collection and Verification System (RCVS).

3. **Electronic Filing and Payment System (eFPS) -** The electronic processing and transmission of tax return information, including attachments, if any, and the payment of the corresponding taxes due the government via the internet thru the BIR website.

4. **Electronic Fund Transfer Instruction System (eFTIS)** –It refers to the payment system used by commercial and universal banks in paying their own tax liabilities.

5. **Account Owner** – It shall refer to a taxpayer who is duly enrolled in the eDST System. For juridical person, an Account Owner may be represented by any company official who shall be responsible in the enrollment in the system, maintenance of DST balance and creation of branch/department user.

6. **eDST User** – It shall refer to any person authorized by the Account Owner to utilize the DST Account balance and affix the prescribed documentary stamp to any taxable document.

SECTION 6. ENROLLMENT FOR SYSTEM USAGE. – Taxpayers that are mandated to use and/or voluntarily availing of the eDST System shall enroll in the said system, in accordance with the provisions of the applicable regulations, circulars and

orders. For juridical entities or persons, however, the enrollment shall be made by authorized natural persons specified in the company's board resolution.

For taxpayers under the jurisdiction of the Large Taxpayers Service (LTS) and taxpayers adopting centralized DST payment scheme, enrollment shall be made by their respective Head Offices as the lone Account Owner. On the other hand, taxpayers with decentralized DST payment scheme may, at their option, designate one or more departments/branches as authorized Account Owners.

Once registered under the eDST System, the Account Owner may authorize as many users he/she deems necessary in the company's business operations without the need for prior approval by the BIR.

SECTION 7. TRANSITORY PROVISIONS. – Considering that some taxpayers/users may still be using DSEIMs with loaded balances as of the effectivity of these Regulations, the foregoing rules on the use of DSEIMs and Constructive Stamping of DST shall be observed:

1. All DSEIMs currently being used by taxpayers/users and duly covered by permits issued by the BIR can still be used until December 31, 2009. However, the taxpayers/users of these DSEIMS have the option to continue using the said machines until December 31, 2009 or file an application to the web-based eDST System;

2. Once enrolled in the eDST System, the taxpayer/user can no longer use their DSEIMs. However, the DST that were already loaded in the existing DSEIMs prior to enrollment in the eDST System may be allowed to be utilized by the taxpayer/user until the same has been fully exhausted, provided that such utilization shall be made until December 31, 2009 only.

   If the taxpayers/users opt to discontinue the use of their existing DSEIMs with loaded balance of DST even prior to December 31, 2009, the said balance may be transferred to the eDST System, subject to the conduct of verification by the concerned BIR Office prior to the transfer of such DST balance to the eDST System;

3. All unutilized DST in the DSEIMs as of December 31, 2009 may be transferred to the eDST System. However, no transfer of such unutilized balance shall be made until the verification of the accuracy thereof has been made by the concerned BIR Office;

4. All taxpayers/users that were selected for pilot testing should enroll in the eDST System upon effectivity of these Regulations. However, their existing DSEIMs with loaded DST balance can still be used by their branches/departments not yet enrolled in the eDST System until December 31,

2009 or upon full utilization of DST balance thereof, whichever comes first. Once added by the Account Owner as an eDST user, said branch/department can no longer use the old DSEIM. However, the DSEIM previously used by enrolled eDST user can still be transferred for use by other branches/departments not yet authorized as eDST user. Provided, that such transfer of DSEIM shall be covered by the requisite Permit issued by BIR prior to such DSEIM transfer to the transferee branch/department, pursuant to existing rules and regulations;

5. All authorities to use "Constructive Stamping" or "Receipt System" (CS-RS) allowed under Revenue Memorandum Order (RMO) No. 14-2008 dated March 27, 2008 issued on June 20, 2008 shall automatically be revoked once the eDST System is fully implemented or beginning January 1, 2010, whichever comes earlier.

SECTION 8. REPEALING CLAUSE. – All existing rules and regulations or parts thereof, which are inconsistent with the provisions of these regulations, are hereby repealed, amended or revoked immediately.

SECTION 9. EFFECTIVITY CLAUSE. – These Regulations shall take effect after fifteen (15) days following publication in a newspaper of general circulation.

(Original Signed)
MARGARITO B. TEVES
Secretary of Finance

Recommending Approval:

(Original Signed)
SIXTO S. ESQUIVIAS IV
Commissioner of Internal Revenue

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