

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

February 1, 2021

REVENUE MEMORANDUM ORDER NO. 9-2021

SUBJECT : Prescribing the Simplified Guidelines and Procedures on the Use of Computerized Accounting System (CAS), Computerized Books of Accounts (CBA), and/or its Components, including Electronic Storage System (ESS), Middleware and Other Similar Systems

TO : All Business Establishments, Internal Revenue Officials, Employees and Others Concerned

I. BACKGROUND –

Pursuant to Section 232 to 235 of the National Internal Revenue Code (NIRC), as amended by **Republic Act (RA) No. 10963** or the “*Tax Reform for Acceleration and Inclusion (TRAIN)*”, Books of Accounts and Other Accounting Records shall be preserved by business entities and shall be subject to examination and inspection. The policies and procedures on the use of Computerized Accounting System (CAS), Computerized Books of Accounts (CBA), and/or its Components were initially provided under Revenue Memorandum Order (RMO) No. 21-2000, as amended by RMO No. 29-2002.

Relative thereto, this Order is hereby issued to address the issues and concerns of taxpayers intending to use CAS, CBA, and/or its Components, including Electronic Storage System (ESS), Middleware and Other Similar Systems, particularly on the processing of the applications for Permit To Use (PTU) thereof. Moreover, in compliance with the provisions of **RA No. 11032**, also known as the “*Ease of Doing Business and Efficient Government Service Delivery Act of 2018*”, the existing requirements and processes in allowing the use of CAS, CBA, and/or its Components, including Electronic Storage System (ESS), Middleware and Other Similar Systems, is hereby simplified in relation to the provisions of Revenue Memorandum Circular (RMC) No. 5-2021.

II. OBJECTIVES –

This Order is hereby issued to:

1. Streamline the documentary requirements and simplify the process on the use of CAS, CBA and/or its Components, including ESS, Middleware and Other Similar Systems in compliance with “*Ease of Doing Business and Efficient Government Service Delivery Act of 2018*”; and

2. Amend certain provisions and simplify the requirement under Revenue Memorandum Order (RMO) No. 29-2002 in lieu hereof, “register” the CAS, CBA and/or its Components, including ESS, Middleware and Other Similar Systems with Revenue District Office (RDO)/Large Taxpayer (LT) Office where user is registered and eliminating PTU.

III. DEFINITION OF TERMS –

The following definition of terms shall serve as reference in the registration of CAS, CBA, and/or its Components, including ESS, Middleware and Other Similar Systems, to wit:

1. **Computerized Accounting System (CAS)** – the integration of different component systems and processes to produce computer-generated books of accounts and accounting records, including system-generated receipts/invoices, reports and documents. It involves computerized processing of full accounting cycle, i.e., from the inception of the transaction, issuance of receipts/invoices up to the generation of financial reports. In any case that a receipt/invoice shall be manually issued, the system/software/application shall be considered as Computerized Books of Accounts (CBA) and Accounting Records.
2. **Computerized Books of Accounts (CBA)** – a system/software/application that can generate books of accounts only, such as but not limited to General Journal, General Ledger, Sales Journal, Purchase Journal, and Inventory Book.
3. **Components of CAS (or CBA)** – any system/application/software adopted to generate accounting records, reports and/or documents, which includes online transaction or application/software that serves as ordering, booking, collection, receipting/invoicing and other related business transaction facilities. This system/application/software may or may not be integrated to or interfaced with CAS or CBA, whichever is applicable.
4. **Middleware** – a software that facilitates exchange of data between systems/applications within the same environment or across different hardware and network environments, including Report Writer or Report Generator.
5. **Electronic Storage System (ESS)** – a system used by the taxpayer or accredited tax agent for preserving books of accounts and other accounting records.
6. **Cloud** – an internet-based computing where different services such as servers, storage and applications are delivered to an organization to cater to specific business or non-business requirements. It is also considered as a hosted solution that client subscribes to the service and where the client gets data.
7. **Off-the-Shelf** – a packaged accounting system/software/application that is readily available in the market that requires registration prior to its actual use by the taxpayer-user.

8. **Customized** – an accounting system/software/application specifically developed by seller/software provider to serve specific taxpayer-user based on the client’s/buyer’s business process requirements.
9. **In-House Developed** – refers to accounting system/software/application internally developed in accordance with the business requirements of the company subject to registration prior to its actual use.
10. **Acknowledgement Certificate** – a document issued by BIR to a taxpayer upon registration of its CAS, CBA and/or its Components, including ESS, Middleware and Other Similar Systems before its use.
11. **Principal Receipts/Invoices** – refers to a written account evidencing the sale of goods sold or services rendered and issued to customers/clients in an ordinary course of business. For purposes of this Order, the commercial invoices shall be categorized as VAT Sales Invoice, VAT Official Receipt, Non-VAT Sales Invoice, and Non-VAT Official Receipt with reference to Revenue Regulations (RR) No. 18-2012 and RMO No. 12-2013.
12. **Supplementary Receipts/Invoices** – refers to a written account that a transaction has been made between the seller and buyer of goods and/or services, forming part of the books of accounts of a business taxpayer for recording, monitoring and control purposes. This type of document is also referred to as Commercial Receipts/Invoices, such as but not limited to delivery receipts, order slips, debit memo, credit memo, purchase order, job order, provisional receipt, acknowledgement receipt, collection receipt, bill of lading, billing statement, statement of account, and any other similar documents used in the ordinary course of business. The aforesaid documents shall not be a valid proof to support claim of Input Taxes by buyers of goods and/or services for purposes of Value-Added Tax (VAT).
13. **Standard Audit File (SAF)** - is the standard information or computer file encoded or stored, whereby the BIR audit tools shall be able to convert the same into an auditable file. This type of data file conforms with the requirements of RR No. 16-2006 in relation to RR No. 9-2009, which shall apply to both Large and Non-Large taxpayers; hence, Portable Data Files (PDF) are deemed unacceptable in this regard.
14. **Tax Service Provider** – also known as third-party software provider, and referred to as software/supplier/developer/professionals that provides services to users/organizations related to taxes and bookkeeping requirements.

IV. SCOPE OF IMPLEMENTATION –

The provisions stated in this Order shall be applicable for any of the following:

1. All Large Taxpayers (LTs) classified under Revenue Regulations (RR) No. 1-98 as amended by RR No. 17-2010, who are mandated to maintain or use Computerized Accounting System (CAS) pursuant to RR No. 9-2009;
2. All Non-Large Taxpayers (Non-LTs) engaged in business, who **opted** to use any of the following:
 - a. Computerized Accounting System (CAS);
 - b. Computerized Books of Accounts (CBA);
 - c. Components of CAS or CBA, which may be:
 - i. Any system/software which generates General Journal and Other Subsidiary Books / Records;
 - ii. Any system/software that is utilized for recording Sales, Purchases, Accounts Receivable, Accounts Payable, Inventory, and Payroll;
 - iii. Any system/software which generates Subsidiary Ledgers (such as Voucher Register, OR Register, Accounts Receivable/Payable Register, etc.) and Other Accounting Records (such as Principal Receipts/Invoices, Cash/Check Vouchers, Journal Vouchers, Billing Statements and Other Supplementary Receipts/Invoices);
 - iv. Any system/software that generates reports as required by the BIR, such as Void Report, Senior Citizen (SC)¹ and/or Person With Disability (PWD)² and the National Athletes and Coaches³ Discount Summary/Report, Summary List of Sales and Purchases, etc.; or
 - v. Cash Register Machines (CRMs), Point-of-Sale (POS) Systems or any sales receipting/invoicing system/software connected through a network or linked to CAS/CBA;
3. Taxpayers engaged in business who shall use an Electronic Storage System (ESS), Middleware, and Other Similar Systems.

V. POLICIES AND GUIDELINES –

Registration of “System”

1. All taxpayers who intend to use **CAS, CBA, and/or its Components, including ESS, Middleware and Other Similar Systems** (collectively referred herein as “**System**”) shall inform and register with the RDO/LT Office where it is registered of its intention to use such system by submitting the requirements stated on the **Checklist of Documentary Requirements (CDR) (Annex “A”)**. However, it is mandatory that the system to be adopted shall strictly comply with the **Standard Functional and Technical Requirements** set under **Annex “B”** hereof.

¹ Section 7, Item No. 6 of Revenue Regulations (RR) No. 7-2010

² Section 5, Item No. 5.9 of RR No. 5-2017

³ Section 6, Item No. 6.6 of RR No. 13-2020

2. All documents pertaining to the applications for the Registration of “System”, shall be submitted **manually or via electronic mail (e-mail)**. The **Sworn Statement (Annex “C”)** with the attached **Summary of System Description, Commercial Invoices/Receipts/Document Description, Forms/Records and Reports Specification (Annex “C-1”)** and the accomplished **Standard Functional and Technical Requirements (Annex “B”)** shall be submitted to the RDO/LT Office where the **Head Office** of taxpayer is registered, except under the following circumstances:

- a. **Branch Office of the taxpayer adopts “System” ahead of its Head Office.** In such case, the application for registration shall be filed at the RDO where the Branch Office is registered with a Certification from the RDO where the HO is registered that it has yet to use the system/software.

In the event that the Head Office shall **subsequently adopt** the same “System”, which was previously adopted by the Branch Office and duly registered with the RDO where the branch was registered, new registration documents shall be submitted by the HO to its RDO and a new **Acknowledgement Certificate (AC) (Annex “D”)** shall be issued to the Head Office. The **Annex of the AC** shall indicate all the branches that are using the said system/software.

- b. **Branch Office of the taxpayer adopts a “System” from other branches and its HO.** In such case, the application for registration shall be filed at the RDO where the Branch Office is registered and a separate AC for the Branch Office shall be subsequently issued.

3. The concerned RDO/LT Office shall issue an **Acknowledgment Certificate (AC)**, attached as **Annex “D”** hereof, upon receipt of the complete documentary requirements prescribed herein. The AC shall be issued **within three (3) working days** from receipt of complete documentary requirements. The AC shall be valid unless revoked by the Bureau upon discovery of its non-compliance with the provisions of this Order and other related Revenue Issuances during the conduct of post-evaluation.
4. Affiliated companies, sister companies, franchisees, closely held corporations, other similar companies related to a parent company shall register the “System” to be used with the RDOs/LT Office where the aforesaid companies are registered. This requirement shall be applicable regardless of whether these companies are sharing servers and using exactly the same “System” previously registered and used by the parent company or other related companies.
5. No system demonstration nor pre-evaluation shall be conducted as a condition for the Registration of “System”. However, the RDO may clarify certain features indicated on the Sworn Statement and may request for an amendment of the Sworn

Statement should there be items that needs to be included or clarified in such Sworn Statement.

6. Taxpayers who will avail the services of Tax Service Providers (TSPs) or third-party software provider for the use of a system/software must register such system with the BIR prior to the effectivity of their contract with the TSPs or third-party software provider. A **Joint Sworn Statement (Annex “E”)** with attached **Summary of System Description, Commercial Invoices/Receipts/Document Description, Forms/Records and Reports Specification (Annex “C-1”)** shall be executed by both parties, i.e., the taxpayer and the TSP or third-party software provider in such cases. Both parties must also include in their Joint Sworn Statement that the system/software has no facility that may suppress sales/income and/or other technical scheme that may affect the correctness of the sales for purposes of taxation.

Taxpayers who availed the services of TSPs shall be required to keep and maintain all accounting records and other relevant financial data for a mandatory period of ten (10) years pursuant to the provisions of Revenue Regulations (RR) No. 5-2014 in their principal place of business and should be made available to BIR during the audit and other enforcement activities that will be conducted by the Authorized Revenue Officer of the BIR.

In case of termination/expiration of contract, the taxpayer who availed of the services of TSP shall notify the RDO having jurisdiction over their place of business prior to the expiration/termination of contract with the developer/provider. Such termination/expiration of contract shall automatically cancel the registration of “System”.

7. Taxpayers with application for Accreditation of Cash Register Machines (CRMs)/ Point-of-Sale (POS) System (bundled or software only) and Other Sales Receipting System/Software that will be linked to a duly registered “System”, shall be processed following the provisions on the accreditation and subsequent registration of the CRMs/POS Machines and Other Sales Receipting System/Software based on existing revenue issuances.

It should be noted that the registration of the CRMs/POS Machines and Other Sales Receipting System/Software shall be **different** from the registration of “System”. Hence, salient details of the CRMs/POS Machines and Other Sales Receipting System/Software that will be linked to any “**System**”, must be declared by the taxpayer in the Annexes of the Sworn Statement at the time of the registration of such System, to wit:

- a. POS Server / Machine Details, i.e., Brand, Model, and/or Serial Number; Software Details, i.e., Software Name and Version Number with Release Number if applicable; Machine Identification Number (MIN) and Permit To Use (PTU) Number; and

- b. Terminal Details – Machine Details, i.e., Brand, Model and/or Serial Number.
8. Taxpayer must submit an update of registration following the provisions of filing a new application in case of major system enhancement, such as but not limited to any of the following:
 - a. Change in the functionalities of the system, particularly on enhancements that will have a direct effect on the financial aspect of the system that includes modified computations and other financial-related issues that were considered;
 - b. Addition or Removal of modules or submodules within the system that will have a direct impact on the financial aspect of the system;
 - c. Change in the system/software Version or Release Number that will have enhancements on the financial aspect of the system; and
 - d. All other enhancements that will be deemed as a major system enhancement based on the recommendation of the technical evaluators of the BIR.

In case a taxpayer is found to have used an enhanced/upgraded “System” without informing BIR prior to the use of such enhanced “System”, the taxpayer shall be subjected to applicable penalty under existing revenue issuances.

9. In case of any minor system enhancement, e.g., user interface modification, bug fixes, performance improvements, etc., the taxpayer must submit a written notification to the RDO/LT Office where it is registered, stating the specific minor enhancements on the system.

Use of Receipts/Invoices

1. Taxpayers with duly registered “System”, **without** system-generated principal and/or supplementary receipts/invoices, should apply for Authority to Print (ATP) such receipts/invoices based on existing revenue issuances.

On the other hand, taxpayers applying for registration of their “Systems” that will use **system-generated** supplementary receipts/invoices but with **manual** BIR-approved principal receipts/invoices (with ATP), shall likewise be declared in the Sworn Statement and in its Annexes.

2. In case of systems downtime, taxpayers with duly registered “System”, who are using computer-generated principal and/or supplementary receipts/invoices with system/software/application that has **no redundancy or automatic switchover**, shall be allowed to issue manual principal and/or supplementary receipts/invoices.

However, manually pre-printed and pre-numbered principal and/or supplementary receipts/invoices with approved ATP reserved or set aside for use during systems downtime **should not exceed one thousand (1,000) sets** at a time.

It should be noted that system-generated principal and/or supplementary receipts/invoices must comply with the mandatory information required under Section 5 of RR No. 10-2015, as amended by RR No. 16-2018 except for the following which are applicable only for CRM/POS Machine:

- Machine Identification Number (MIN);
- Serial Number of the CRM/POS Machine; and
- Accreditation Details of the CRM/POS Supplier.

Books of Accounts

1. The taxpayers (Large and Non-Large) shall use books of accounts depending on its business requirements. However, these books of accounts /subsidiary accounting records must comply with the bookkeeping requirements and information prescribed under RR No. 9-2009.
2. Soft copy of the Computerized Books of Accounts and Other Accounting Records shall be registered with the RDO/LT Office where the HO/Branch is registered within thirty (30) calendar days from the close of the taxable year. It shall be in Standard Audit File (SAF) in compliance with RR No. 16-2006, as amended, and shall be saved in a Universal Serial Bus (USB) Drive or other electronic storage device, properly labeled with the name of the taxpayer and the taxable year. A transmittal letter showing the detailed content of the USB Drive label, i.e., File Name, Type and Size, must be prepared and submitted by the taxpayer and the same must be duly stamped registered and signed at the RDO/LT Office having jurisdiction over the Head Office and/or Branch Office/s. Should the taxpayer register an unaudited Books of Accounts and Other Accounting Records, the Auditor's Adjustments shall be submitted in soft copy.

Further, electronically archived information in the books of accounts and other accounting records/documents must be retained pursuant to existing revenue issuances.

VI. PROCEDURES –

The following standard procedures must be implemented across all RDOs and LT Offices nationwide in the processing of applications for registration of “System”:

A. TAXPAYER SHALL:

1. Submit the complete documentary requirements to the Client Support Section (CSS) of the RDO/LT concerned Office where the taxpayer is registered. The basic documentary requirements are provided under the **Checklist of Documentary Requirements (CDR) (Annex “A”)**, which will serve as a guide in filing application. In case the documentary requirements submitted were incomplete, the Client Support Section (CSS)/ LT concerned Office shall return the said application and identify the remaining documents that are required to be complied with based on the abovementioned checklist. Taxpayer shall subsequently acknowledge the same.
2. Receive the **Acknowledgement Certificate (AC) within three (3) working days** from the submission of the complete documentary requirements with a AC Control Number (ACCN) that will be indicated on the face of the system-generated principal and/or supplementary receipts/invoices. In case there are discrepancies in the information provided on the submitted documentary requirements, a **Notice/Letter of Denial (Annex “F”)** shall be received from the CSS.

B. CLIENT SUPPORT SECTION (CSS) SHALL:

1. Validate the completeness of the documentary requirements submitted by the taxpayer based on the **Checklist of Documentary Requirements (CDR)** and receive said documents if complete.

In the event that there are deficiencies in the documentary requirements submitted, inform the taxpayers on the documents that are yet to be complied with then fill-out the necessary information on the abovementioned checklist. Return the documents and have the taxpayer acknowledge the lacking documents by signing on the space provided in the CDR.

2. Encode the details* on the Database/Log Sheet of Applications for Registration of “System” for monitoring purposes (see attached **Annex “G” as a sample log sheet**);

**Note: Assign a Receiving Control Number (RCN) as follows:*

“RCN_RDO_MM_YYYY_XXXXXX”

Where:

<i>RCN</i>	<i>=</i>	<i>means Receiving Control Number</i>
<i>RDO</i>	<i>=</i>	<i>3-digit alpha-numeric RDO Code (e.g., 038, 044, 17A, 132, 21C, etc.)</i>
<i>MM</i>	<i>=</i>	<i>Month when application was received</i>
<i>YYYY</i>	<i>=</i>	<i>Year when application was received</i>
<i>XXXXXX</i>	<i>=</i>	<i>6-digit Running Number</i>

3. Validate the accuracy of documents submitted by the taxpayer and any discrepancy on the information provided shall be a sufficient ground to deny the application.

4. Prepare the **Acknowledgement Certificate (AC)** or **Notice/Letter of Denial** based on the documentary requirements submitted by taxpayer and forward the same for approval of the Revenue District Officer or Head of the LT Office.

The aforesaid AC must have a Control Number or known as the **Acknowledgement Certificate Control Number (ACCN)** using the naming convention below:

“AC_RDO_MMYYYY_XXXXXX”

Where:

AC = means Acknowledgement Certificate
RDO = 3-digit Alpha-numeric RDO Code (e.g., 038, 044, 132, 17A, 21C, etc.)
MM = Month when the Acknowledgement Certificate was prepared/issued
YYYY = Year when the Acknowledgment Certificate was prepared/issued
XXXXXX = 6-digit Running Number

5. Receive the duly approved or signed AC or Notice/Letter of Denial from the Revenue District Officer/Head of the LT Office and issue the same to the taxpayer **within three (3) working days** from the receipt of complete documentary requirements from the taxpayer.
6. Update the Database/Log Sheet on the status of registration application of taxpayer following the format in **Annex “G”**. The Database/Log Sheet must also be used to record all AC and Notice/Letter of Denial issued to taxpayers for proper monitoring and reporting purposes.
7. Prepare and submit the following Monthly Reports to Client Support Service thru Taxpayer Service Programs and Monitoring Division (TSPMD) duly signed by the Revenue District Officer/Head of LT Office:
 - e. **Report on the Inventory of Applications** for Registration of CAS, CBA, and/or its Components, including ESS, Middleware and Other Similar Systems (**Annex “H”**);
 - f. **List of Taxpayers Issued Acknowledgement Certificates (Annex “I”)**; and
 - g. **List of Taxpayers Issued Notice/Letter of Denial (Annex “J”)**.

C. REVENUE DISTRICT OFFICER/HEAD OF LT OFFICE SHALL:

1. Receive the **Acknowledgement Certificate (AC)** and/or **Notice/Letter of Denial** from the Client Support Section (CSS) and affix signature therein within the time required to have the AC be released to taxpayer, which is three (3) working days from receipt of the complete documents submitted by taxpayer.

2. Return the duly signed **AC** or **Notice/Letter of Denial** to the CSS for issuance to taxpayer.
3. Receive and sign the monthly reports (as stated above) prepared by the CSS for submission to concerned Offices.

D. CLIENT SUPPORT SERVICE THRU TAXPAYER SERVICE PROGRAMS AND MONITORING DIVISION (TSPMD) SHALL:

1. Receive the submitted monthly reports from RDOs **every 5th day of the month** from RDOs/LT Offices for monitoring purposes.
2. Send Memorandum to RDO who will not comply with the submission of the required reports within the prescribed deadline reminding compliance to the submission of the said required reports.

VII. TRANSITORY PROVISIONS –

All taxpayers with pending applications for Permit To Use CAS, CBA, and/or its Components, which were filed with the National Accreditation Board (NAB) and are pending with NAB as of February 23, 2020 shall be processed under RMC No.10-2020. All applications filed thereafter shall be processed following the provisions stated in this RMO.

Further, those taxpayers with duly approved PTU as of the effectivity of this RMO shall remain valid unless the issued PTU has been revoked/expired or the system has been enhanced without complying with the requirements in Section V (8) hereof.

VIII. REPEALING CLAUSE –

Any existing revenue issuances or any portions thereof that is inconsistent with this Order, pertinent to the use of CAS, CBA, and/or its Components, including ESS, Middleware and Other Similar Systems, such as Revenue Memorandum Order (RMO) No. 29-2002 and RMO No. 21-2000, is hereby superseded/repealed.

IX. EFFECTIVITY –

This Order shall take effect immediately.

(Original Signed)
CAESAR R. DULAY
Commissioner of Internal Revenue