



GMS Flash Alert



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Philippines - Ease of Paying Taxes Act Is Enacted

The *Ease of Paying Taxes (EOPT) Act* was signed into law as Republic Act No. (RA) 11976 on 5 January 2024, to modernize the Philippine tax administration and strengthen taxpayer rights.¹

The law will take effect on 22 January 2024.

WHY THIS MATTERS

Individual taxpayers, including married individuals, can now submit their tax returns either electronically or manually, utilizing services provided by an authorized agent bank, the Revenue District Office through the Revenue Collection Officer, or an authorized tax software provider. Moreover, the payment of taxes can be made to any authorized agent bank, anywhere in the country. This flexibility will allow employers and individual taxpayers to more efficiently manage tax filing obligations and lessen the risk of penalties due to failing to meet deadlines or filing tax returns through incorrect channels.

What's Changed

The following updates on individual taxation in the National Internal Revenue Code of 1997, as amended, are made:

1. The term 'filing of return' refers to the act of accomplishing and submitting the prescribed tax return, electronically or manually, to the Bureau of Internal Revenue, or through any authorized agent bank or authorized tax software provider. Previously, no option for electronic filing was expressly provided.

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2. The law includes a provision whereby an individual citizen of the Philippines who is working and deriving income solely from abroad as an 'Overseas Contract Worker' or 'Overseas Filipino Worker' is not required to file a Philippine income tax return.
3. Except in cases where the Commissioner otherwise permits, an individual shall file the return with any authorized agent bank, Revenue District Office through Revenue Collection Officer, or authorized tax software provider. Previously, returns were to be filed with the authorized agent bank and Revenue District Office through Revenue Collection Officer where the taxpayer is registered.
4. Married individuals, whether citizens, residents or nonresident aliens, who do not derive income purely from compensation, shall file, either electronically or manually, a return for the taxable year which includes the income of both spouses. Where it is impracticable for the spouses to file one return, each spouse may file a separate return of income, but the returns so filed shall be consolidated by the Bureau of Internal Revenue for purposes of verification for the taxable year. Previously, no option for electronic filing was expressly provided.

KPMG INSIGHTS

The *EOPT Act* focuses on modernizing tax administration by encouraging efficient and cost-effective compliance, updating the taxation system, and implementing tailored policies for different types of taxpayers. Employers should view the *EOPT Act* as an opportunity to enhance the tax filing experience of their employees.

If companies need assistance with understanding the impact of the *EOPT Act* to their tax compliance, they may reach out to their tax department or a member of the tax team with KPMG in the Philippines (see the Contacts section).

FOOTNOTE:

1 For more on the *Ease of Paying Taxes Act*, see: <https://www.officialgazette.gov.ph/downloads/2024/01jan/20240105-RA-11976-FRM.pdf> .

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Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG in the Philippines:



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