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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City



JUL 29 2025

REVENUE MEMORANDUM CIRCULAR NO. 078-2025

SUBJECT : Providing the Guidelines and Procedures on the Registration, Filing of Returns, and Payment of Value-Added Tax (VAT) for Nonresident Digital Service Providers through the VAT on Digital Services Portal

TO : All Internal Revenue Officers, Employees and Others Concerned

I. BACKGROUND

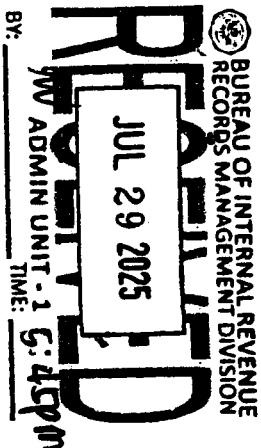
Pursuant to Republic Act (RA) No. 12023 and its implementing rules under Revenue Regulations (RR) No. 3-2025, digital services rendered by Nonresident Digital Service Providers (NRDSPs) to consumers in the Philippines are now subject to VAT. In line with the digitalization efforts of the Bureau of Internal Revenue (BIR) to align with international standards, the VAT on Digital Services (VDS) Portal was developed to facilitate the registration, filing of returns, and payment of VAT by NRDSPs.

II. OBJECTIVES

This Circular is hereby issued to provide guidelines and procedures on the registration, filing of returns, and payment of VAT by NRDSPs through the VDS Portal and clarify the imposition of penalties on the late filing and payment of VAT.

III. DEFINITION OF TERMS

1. **Digital Services** – refers to any service that is supplied over the internet or other electronic network with the use of information technology and where the supply of the service is essentially automated, as provided in Section 3(A) of RR No. 3-2025.
2. **Digital Service Provider (DSP)** – refers to a resident or nonresident supplier of digital services to a buyer who uses digital services subject to VAT in the Philippines.
3. **Nonresident DSP** – refers to a DSP that has no physical presence in the Philippines.
4. **Resident Third-Party Service Provider** – refers to an individual or entity, such as a law firm or accounting firm, appointed by NRDSPs for purposes of registration, filing of tax return and payment of taxes, receiving notices, record keeping, and other reporting obligations.
5. **Online Registration and Update System (ORUS)** – refers to a web-based system that provides an end-to-end process for registration of taxpayers and updating of registration information.



IV. GENERAL GUIDELINES

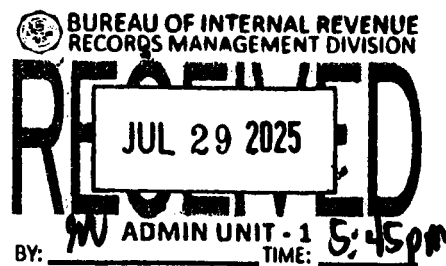
1. These guidelines apply to all NRDSPs engaged in the supply or delivery of digital services consumed or used in the Philippines.

NRDSPs must enroll via the VDS Portal. The enrollment of the NRDSPs may also be done through their resident third-party service provider. Enrollment in the VDS Portal requires prior registration with the BIR. If the NRDSP is not yet registered with the BIR, it shall first register by accessing the ORUS link (<https://orus.bir.gov.ph>) provided in the VDS Portal. For those registered NRDSPs which need to update their VAT registration/information, the same may be done through the ORUS.

2. The BIR shall be formally informed of the appointment of a resident third-party service provider within thirty (30) days from the date of appointment, through email at rdo39_vds@bir.gov.ph, attaching a PDF copy of the Letter of Appointment with email Subject: "Notice of Appointment - (Philippine Taxpayer Identification Number of NRDSP)".

For VAT purposes, the appointment of a resident third-party service provider shall not classify the NRDSP as a resident foreign corporation doing business in the Philippines.

3. NRDSPs are required to file their VAT returns and pay the VAT due thereon, on or before the twenty-fifth (25th) day of the month following the close of each taxable quarter, in accordance with the Philippine Time Zone (GMT+8).
4. All VAT returns by NRDSP shall be filed through the VDS Portal. Payments shall be made via authorized payment channels integrated within the portal or as may be prescribed by the BIR.
5. Any act of misrepresentation, failure to file VAT returns, or non-remittance of VAT payments on the prescribed due date shall be subject to the applicable surcharges, interests, penalties, and where warranted, criminal liability and blocking of sites under the National Internal Revenue Code of 1997, as amended.
6. The NRDSP cannot claim refund for the erroneously paid VAT. However, the NRDSP may amend the previously filed BIR Form No. 2550-DS to reflect the overpayment which may be then carried-over to the succeeding quarter/s.
7. BIR may conduct verification from third-party information/sources whether they are correctly declaring their gross sales and those of their customers for VAT purposes.
8. All data submitted through the VDS Portal shall be treated as confidential and protected under RA No. 10173, otherwise known as the "Data Privacy Act of 2012" and existing tax laws and regulations.



V. PROCEDURES

A. REGISTRATION AND ENROLLMENT

The NRDSP shall create an account by accessing the official VDS Portal link <https://vds.bir.gov.ph> and following the instruction provided in the VDS User Guide posted in the VDS Portal.

B. FILING AND PAYMENT

The NRDSPs shall log in to the VDS Portal and encode the necessary data for the filing of BIR Form No. 2550-DS and the payment of the corresponding taxes due thereon following the procedures set forth in the VDS User Guide.

Strictly follow the payment instructions in the said VDS User Guide to ensure accurate remittance of the said payments. The NRDSP must ensure that the VAT payment is made at the time of filing of the VAT return on or before the twenty-fifth (25th) day of the month following the close of each taxable quarter, in accordance with the Philippine Time Zone (GMT+8), to avoid surcharge, penalties and interests.

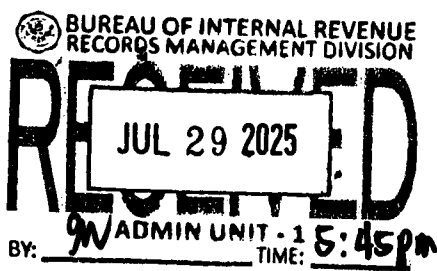
C. MONITORING THE COMPLIANCE OF DSPs

The BIR may conduct independent verification, including third-party information/sources, to determine whether NRDSPs are correctly declaring their gross sales and those of their customers for VAT purposes. The BIR shall inform the NRDSPs of any discrepancy discovered and provide them an opportunity for voluntary correction. Failure to rectify such discrepancies may result in the imposition of administrative and criminal sanctions under Section 12 on the Suspension or Closure of Online Business Operations and Section 13 on Penalties of RR No. 3-2025.

VI. EFFECTIVITY

All internal revenue officials, employees and others concerned are hereby enjoined to give this Circular as wide publicity as possible.

This Circular shall take effect immediately.




ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue