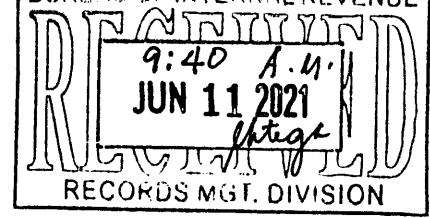




REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE



Date: JUN 11 2021

REVENUE REGULATIONS NO. 8-2021

**SUBJECT : Amending Certain Provisions of Revenue Regulations No. 4-2021, which Implemented the Value-Added Tax (VAT) and Percentage Tax Provisions Under Republic Act (RA) No. 11534, or the “Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE).**

**TO : All Internal Revenue Officials, Employees and Others Concerned**

**SECTION 1. SCOPE.** - Pursuant to Section 244 in relation to Section 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated in order to amend certain provisions of Revenue Regulations (RR) No. 4-2021 dated April 8, 2021, which implemented the VAT and Percentage Tax provisions of RA No. 11534 or the CREATE.

**SECTION 2. AMENDMENTS.** – (1) Prior to January 1, 2021, the VAT-exempt threshold for sale of house and lot and other residential dwelling was Three Million One Hundred Ninety-Nine Thousand Two Hundred Pesos (P3,199,200.00). This was the result of the adjustment made in 2011 using the 2010 Consumer Price Index Values pursuant to RR No. 16-2011 dated October 27, 2011, and this became effective January 1, 2012 per RR No. 3-2012 dated February 20, 2012. The VAT-exempt threshold of P3,199,200.00 was applied and enjoyed by the taxpaying-public from January 1, 2012 up to December 31, 2020, or for eight (8) long years. As such, fairness and equity dictate that the VAT-exempt threshold under RA No. 10963, or the Tax Reform for Acceleration and Inclusion Law (TRAIN Law), of Two Million Pesos (P2,000,000.00) for sale of house and lot and other residential dwellings should also be adjusted to P3,199,200.00 beginning January 1, 2021.

Thus, Section 2, sub-section 4.109-1(B)(p)(4), of RR No. 4-2021 is hereby amended to read as follows:

“xxx                      xxx                      xxx

*Provided*, That beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business; sale of real property utilized for socialized housing as defined by Republic Act (RA) No. 7279, as amended, and, sale of house and lot, and other residential dwellings with selling price of not more than Two Million Pesos (P2,000,000.00), **as adjusted**

**to P3,199,200.00 in 2011 using the 2010 Consumer Price Index values:**  
*Provided, further,* That every three (3) years thereafter, the amount stated herein shall be adjusted to its present value using the Consumer Price Index as published by the Philippine Statistics Authority (PSA).

xxx                      xxx                      xxx.”

(2) With the intensified campaign of the Government to inoculate the population aimed at achieving herd immunity and to require the use of medical grade Personal Protective Equipment (PPE) components as a protection against COVID-19, there is a need to facilitate the early release of the imported items under Section 2, sub-section 4.109-1(B)(p)(bb), of RR No. 4-2021 from the Bureau of Customs (BOC).

Section 2, sub-section 4.109-1(B)(p)(bb), therefore, of RR No. 4-2021 is hereby amended to read as follows:

“xxx                      xxx                      xxx.

**The importation of items under (i), (ii) and (iii) hereof shall not be subject to the issuance of the Authority to Release Imported Goods (ATRIG) under Revenue Memorandum Order (RMO) No. 35-2002, as amended, and maybe released by the Bureau of Customs (BOC) without the need of an ATRIG.**

The exemption claimed under this subsection shall be subject to post audit by the Bureau of Internal Revenue (BIR) or the Bureau of Customs (BOC), as may be applicable.

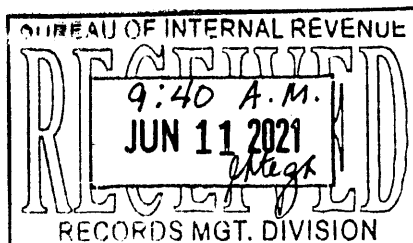
xxx                      xxx                      xxx.”

(3) Excess percentage tax payments as a result of the decrease of tax rate from 3% to 1% starting July 1, 2020 until the effectivity of RR No. 4-2021 may be carried forward to the succeeding taxable quarters. This carry-over portion is intended for Percentage Taxpayers who are regularly filing the returns and are expected to have overpaid taxes as a result of the retroactive application of the CREATE. Tax refund, however, is still allowed in the event that the taxpayer shifted from non-VAT to VAT-registered status, or the taxpayer has opted to avail of the eight percent (8%) income tax rate at the beginning of TY 2021.

Hence, Section 3(2)(b) of RA No. 4-2021 is hereby amended to read as follows:

“xxx                      xxx                      xxx

**Percentage taxpayers who have overpaid taxes as a result of the decrease of tax rate from 3% to 1% starting July 1, 2020 until the effectivity of RR No. 4-2021 are allowed for a tax refund in the event that:**



- a. The taxpayer shifted from non-VAT to VAT-registered status; or
- b. The taxpayer has opted to avail the eight percent (8%) income tax rate at the beginning of TY 2021.

xxx                      xxx                      xxx.”

**SECTION 3. 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 4. SEPARABILITY CLAUSE.** – If any of the provisions of these Regulations is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

**SECTION 5. EFFECTIVITY.** – These Regulations shall take effect fifteen (15) days following publication in the Official Gazette or in a leading newspaper of general circulation, whichever comes first.

  
**CARLOS G. DOMINGUEZ**  
 Secretary of Finance

JUN 09 2021



Recommending Approval:

  
**CAESAR R. DULAY**

Commissioner of Internal Revenue

043465

