



VALUE-ADDED TAX (VAT) ON DIGITAL SERVICES

To impose a 12% VAT on digital services consumed in the Philippines, including those provided by non-resident digital service providers (NRDSPs). It aims to create a fair tax environment by subjecting foreign digital service providers to the same VAT rules as local businesses.

WHO ARE COVERED?

- Digital Service Providers (DSPs)
- Engaged in trade or business
- Supplying digital services
- Services are used or consumed in PH
- Includes Resident and Non-resident DSPs



DIGITAL SERVICES INCLUDE:

- Online search engines
- E-marketplaces
- Cloud services
- Online media and advertising
- Online platform
- Digital goods



IS REGISTRATION REQUIRED?

Registration is mandatory.



All NRDSPs must register with the Bureau of Internal Revenue (BIR), regardless of:

- Business to Business transactions (B2B)
- Business to Customer transactions (B2C)

NRDSP shall select VAT as its tax type.

WHERE TO REGISTER?

Use the VAT on Digital Services (VDS) Portal. If the VDS portal is unavailable, use the Online Registration and Update System (ORUS).

Manual Registration at RDO No. 39:

- Required if NRDSP has a local representative
- Not mandatory to appoint a local representative for registration

REQUIRED INFORMATION

- Business name
- Authorized representative details
- Registered foreign address
- NRDSP contact information

REQUIRED DOCUMENT

Any official registration document from the country of incorporation (e.g., Articles of Incorporation) that explicitly states the name of the NRDSP



NO VAT REGISTRATION **NO TAX OBLIGATIONS**

- NRDSPs must still file tax returns and pay tax dues
- Buyers engaged in business must still withhold, remit VAT, and file remittance returns.

HOW MUCH IS THE TAX?

12% of gross sales from digital services consumed in PH

- NO input VAT credits
- NO VAT refunds
- Overpayments may be carried over

VAT Return: BIR Form 2550-DS

DATES TO REMEMBER



Registration Deadline



Start of VAT Liability

VAT FILING DEADLINE:

On or before the 25th day after each taxable quarter

INVOICING REQUIREMENTS

NO required format but invoices must include:



- Date & transaction reference
- Buyer info (including TIN for B2B)
- Brief description of the transaction
- Total amount inclusive of VAT

VAT TREATMENT

B2B TRANSACTIONS:

- Philippine buyer withholds & remits VAT
- Uses reverse charge mechanism

B2C TRANSACTIONS:

- NRDSP directly files & pays VAT
- Uses simplified pay-only system via VDS Portal

VAT-EXEMPT TRANSACTIONS

Online subscription services sold to: **EDUCATIONAL INSTITUTIONS**



- NO Certificate of Tax Exemption needed
- Proof of accreditation from DepEd, CHED, and TESDA is enough



NON-COMPLIANCE LEADS TO:

- Surcharges & penalties
- Interest charges
- Suspension or blocking of digital services
- Possible criminal liability

IF YOU PROVIDE DIGITAL SERVICES TO THE PHILIPPINE MARKET — VAT NOW APPLIES. COMPLY ON TIME AND AVOID PENALTIES.

FOR INQUIRIES AND ASSISTANCE, EMAIL US AT:

vatnrdsp.inquiry@roxastabamo.com

Sources: Republic Act (RA) No. 12023, Revenue Regulations (RR) No. 03-2025, Revenue Memorandum Circular (RMC) NO. 047-2025, and other relevant issuances. For more details, visit: <https://www.roxastabamo.com/news/>