



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

## TAX ADVISORY

**TO ALL CONCERNED TAXPAYERS AND REVENUE OFFICIALS AND EMPLOYEES:**

PURELY SELF-EMPLOYED INDIVIDUALS AND/OR PROFESSIONALS WHO ARE VAT-REGISTERED TAXPAYERS AND WHOSE GROSS SALES/RECEIPTS AND OTHER NON-OPERATING INCOME DO NOT EXCEED THE NEW VALUE-ADDED TAX (VAT) THRESHOLD OF P3,000,000 IN THE PRECEDING YEAR, MAY ELECT TO CHANGE HIS/HER STATUS FROM VAT TO NON-VAT BY FILING THE DULY ACCOMPLISHED BIR FORM NO. 1905 "APPLICATION FOR REGISTRATION INFORMATION UPDATE" TO THE REVENUE DISTRICT OFFICE HAVING JURISDICTION OF THE HEAD OFFICE OF THE CONCERNED TAXPAYERS **ON OR BEFORE MARCH 31, 2018**, FOLLOWING EXISTING PROCEDURES ON UPDATES OF REGISTRATION.

THE SAID NON-VAT TAXPAYERS SHALL HAVE THE OPTION TO AVAIL OF:

1. THE GRADUATED RATES UNDER SECTION 24(A)(2)(a) OF THE TAX CODE, AS AMENDED.

OR

2. AN EIGHT PERCENT (8%) TAX ON GROSS SALES OR RECEIPTS AND OTHER NON-OPERATING INCOME IN EXCESS OF TWO HUNDRED FIFTY THOUSAND PESOS (P250,000.00) IN LIEU OF THE GRADUATED INCOME TAX RATES UNDER SECTION 24(A) AND THE PERCENTAGE TAX UNDER SECTION 116 ALL UNDER THE TAX CODE, AS AMENDED:

UNLESS THE TAXPAYER SIGNIFIES IN THE 1ST QUARTER RETURN OF THE TAXABLE YEAR THE INTENTION TO ELECT THE 8% INCOME TAX RATE, THE TAXPAYER SHALL BE CONSIDERED AS HAVING AVAILED OF THE GRADUATED RATES UNDER SECTION 24(A) OF THE TAX CODE, AS AMENDED, AND SUCH ELECTION SHALL BE IRREVOCABLE FOR THE TAXABLE YEAR.

PLEASE BE GUIDED ACCORDINGLY.

**CAESAR R. DULAY**  
Commissioner of Internal Revenue

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