REVENUE MEMORANDUM CIRCULAR NO. 61-2003 issued on October 8, 2003 prescribes additional information to be indicated in the VAT invoice/receipt.

To strictly compel VAT-registered taxpayers to issue VAT-invoices/receipts only for those transactions subject to VAT, the following phrase, aside from the information required to be contained in the invoice/receipt, should be indicated/stamped thereon, in case of VAT-invoices/receipts already printed, or printed thereon, in case of VAT-invoices/receipts still to be printed as of the effectivity of this Circular:

“Not to be issued for non-VAT/exempt sale of goods, properties or services. If issued, sales shall be subject to 10% VAT.”

Non-inclusion of the said phrase on the VAT-invoice/receipt to be issued by a VAT-registered taxpayer shall be subject to the administrative penal sanctions provided for in the Tax Code and implementing regulations.

Moreover, a VAT-registered person whose sale of goods or properties or services which are otherwise not subject to VAT but who issues a VAT invoice or receipt for such transactions shall have the following consequences:

a. Shall be liable to the payment of output tax due on such sale of exempt goods or properties or services computed at 1/11 of the total amount appearing on such issued VAT invoice/receipt;

b. No input tax credits shall be allowed to be claimed against the output tax due on such transactions; and

c. Shall be liable to the applicable Percentage Tax, if any, imposed under Title V of the Tax Code.