

THRIVE BUSINESS ASIA
BUSINESS REGISTRATION GUIDE 2025/26

Philippines
BIR & Registration Pack

The Complete Guide for Freelancers, SMEs & Entrepreneurs
DTI/SEC Registration · BIR ORUS · TIN · VAT Threshold · Quarterly Returns · 30+ Q&A

PHP 500 DTI reg. fee (approx.)	PHP 3M VAT threshold	ORUS BIR online reg. system	4 / year BIR quarterly returns
--	--------------------------------	---------------------------------------	--

No jargon. No filler. Just the answers your business actually needs.

PHP 999

thrivebizasia.com

WHAT'S INSIDE:

- Section 1 — DTI vs SEC Registration: The Decision Framework
- Section 2 — DTI Business Name Registration Step-by-Step
- Section 3 — SEC Corporation & Partnership Registration
- Section 4 — BIR ORUS Registration, TIN & Certificate of Registration
- Section 5 — VAT vs Non-VAT Threshold Guide
- Section 6 — Quarterly Returns, Official Receipts & Books of Accounts
- Section 7 — 30+ Real-World Q&A for Freelancers & SMEs
- Section 8 — Your BIR Registration Action Checklist
- Disclaimer & Sources

Contents

Section	Title
01	DTI vs SEC Registration — The Decision Framework
02	DTI Business Name Registration Step-by-Step

03	SEC Corporation & Partnership Registration
04	BIR ORUS Registration, TIN & Certificate of Registration
05	VAT vs Non-VAT Threshold Guide
06	Quarterly Returns, Official Receipts & Books of Accounts
07	Real-World Q&A Scenarios (30+ scenarios)
08	Your BIR Registration Action Checklist
—	Disclaimer & Sources

Before you read — key facts at a glance

DTI registration (sole proprietor): Approximately PHP 200–500 depending on territorial scope. Valid for 5 years, renewable.

SEC registration (corporations): Filing fee based on authorised capital stock — minimum PHP 5,000 for stock corporations (or PHP 1 million minimum authorised capital for domestic corporations under the Revised Corporation Code).

VAT threshold: PHP 3 million in gross sales or receipts in any 12-month period. Mandatory VAT registration upon crossing this threshold.

BIR ORUS (Online Registration and Update System) is the primary portal for new taxpayer registration, TIN application, and Certificate of Registration (COR) issuance.

Quarterly income tax returns are due: May 15 (Q1), August 15 (Q2), November 15 (Q3), and annual ITR on April 15 of the following year.

All registered businesses must maintain Books of Accounts registered with the BIR. Electronic books of accounts (eBIR) are permitted for qualifying businesses.

01

DTI vs SEC Registration — The Decision Framework

Before you register with the BIR, you must first register your business with the appropriate primary government agency. In the Philippines, this depends entirely on your business structure. Getting this wrong means restarting the entire registration process — so this decision deserves careful thought at the outset.

The Three Registration Paths

Business Structure	Register With	Governing Law
--------------------	---------------	---------------

Sole Proprietorship	DTI (Department of Trade and Industry)	Business Name Law (R.A. 3883), as amended
Partnership	SEC (Securities and Exchange Commission)	Revised Corporation Code (R.A. 11232)
One Person Corporation (OPC)	SEC (Securities and Exchange Commission)	Revised Corporation Code (R.A. 11232)
Stock Corporation	SEC (Securities and Exchange Commission)	Revised Corporation Code (R.A. 11232)
Non-stock Corporation	SEC (Securities and Exchange Commission)	Revised Corporation Code (R.A. 11232)
Cooperative	CDA (Cooperative Development Authority)	Philippine Cooperative Code (R.A. 9520)

DTI (Sole Proprietorship) — When to Choose

- CHOOSE DTI / SOLE PROPRIETORSHIP if:**
 - You are a single individual running the business with no partners or co-owners
 - Your business is small-scale with limited capital requirements
 - You do not need to raise equity investment from multiple parties
 - You are a freelancer, consultant, home-based seller, or micro-entrepreneur
 - Simplicity of registration and low cost are priorities
 - You accept that your personal assets are NOT legally protected from business liabilities

- CHOOSE SEC REGISTRATION (Corporation or OPC) if:**
 - You want limited liability — separation of personal assets from business debts
 - You have two or more founders who will co-own the business
 - You are targeting government contracts, large corporate clients, or foreign investors
 - You plan to apply for bank loans requiring corporate registration
 - Your business sector requires corporate status (certain regulated industries)
 - You are a single individual who wants limited liability without partners (consider OPC)

The One Person Corporation (OPC) — A Key Option for Solo Founders

The Revised Corporation Code (R.A. 11232, effective 2019) introduced the One Person Corporation — a corporation with a single stockholder who is also the sole director and president. The OPC gives a solo entrepreneur the limited liability protection of a corporation without requiring co-founders or multiple shareholders. This is now the preferred structure for freelancers and consultants who want liability protection but do not have partners.

Comparison: Sole Proprietorship vs OPC vs Corporation

Factor	Sole Proprietor (DTI)	OPC / Corporation (SEC)
--------	-----------------------	-------------------------

Liability	Unlimited — personal assets at risk	Limited to investment in the business
Registration cost	~PHP 200–500 (DTI)	PHP 2,000–20,000+ depending on capital
Number of owners	One individual	OPC: one; Corporation: 2–15 stockholders
Tax treatment	Individual income tax (0–35%)	30% RCIT or 20% for MSME corporations with income ≤ PHP 5M
Annual SEC fee	Not applicable	Annual GIS filing required with SEC
BIR registration	Required after DTI	Required after SEC registration
Ability to raise equity	No — cannot issue shares	Yes — can issue shares to investors
Foreign ownership	100% Filipino requirement	Subject to Foreign Investment Negative List
Perpetual existence	Dissolves at owner's death	Continues regardless of ownership changes

02 DTI Business Name Registration Step-by-Step

DTI business name registration is the first step for sole proprietors. Without a registered business name, you cannot open a business bank account, register with the BIR as a business, or legally display a business name to the public. Registration is done online via the DTI eBRS (Electronic Business Name Registration System).

Territorial Scope and Fees

Territorial Scope	Registration Fee
Barangay (limited to one barangay)	PHP 200
City/Municipality	PHP 500
Regional	PHP 1,000
National	PHP 2,000

Choose your territorial scope based on where you plan to operate. Barangay is the cheapest option for truly local businesses. Most freelancers and online sellers choose City/Municipal or National scope to avoid operational restrictions.

Step-by-Step: DTI Business Name Registration via eBRS

Step 1 — Check Business Name Availability

Go to bnrs.dti.gov.ph. Enter your preferred business name to search the DTI database. Names that are identical to, or deceptively similar to, existing registered business names will be rejected. Acronyms and generic names (e.g., 'Philippines Online Store') are typically disallowed. Have 2–3 alternative names ready.

Step 2 — Create a DTI eBRS Account

If you do not have an existing DTI account, register at bnrs.dti.gov.ph with your valid email address. Verify your account via the confirmation email sent by DTI. Keep your login credentials secure — you will need them for renewals every 5 years.

Step 3 — Complete the Online Registration Form

Log in and select 'Register Business Name'. Fill in: (a) your preferred business name; (b) nature of business (DTI industry category — choose the one closest to your primary business activity); (c) territorial scope; (d) business address; and (e) your personal details (name, TIN if available, contact information). Review all entries carefully before proceeding.

Step 4 — Pay the Registration Fee Online

DTI eBRS accepts payment via: GCash, PayMaya, Landbank Link.BizPortal, DBP PayGov, credit/debit cards, and over-the-counter bank payment (select banks). Save your Official Receipt number — you will need this for your BIR registration. Payment confirms your registration application.

Step 5 — Download Your DTI Certificate

Upon successful payment and processing (typically within 1–3 business days), your DTI Certificate of Business Name Registration will be available for download in your eBRS account. Print and keep this document — it is required for BIR registration, barangay permit, and business permit applications. DTI registration is valid for 5 years and must be renewed before expiry.

DTI registration does NOT mean you are fully registered as a business.

The DTI certificate only registers your business name with the national government. You must separately obtain: (1) Barangay Business Clearance from your local barangay office; (2) Business Permit (Mayor's Permit) from your city or municipal hall; and (3) BIR Certificate of Registration. Operating without completing all these steps exposes you to fines and closure orders.

03

SEC Corporation & Partnership Registration

If you are forming a corporation (including OPC) or partnership, the Securities and Exchange Commission (SEC) is your first stop. The SEC's Revised Corporation Code (R.A. 11232) governs all corporations and partnerships in the Philippines. Registration is now primarily done through the SEC's Company Registration System (CRS) online portal.

Pre-Registration Requirements

Requirement	Detail
Company name verification	Check name availability via the SEC ESPARC or CRS portal at crsonline.sec.gov.ph . SEC requires names to be distinguishable from existing registered corporations.
Authorised capital stock	Minimum PHP 1,000,000 for domestic stock corporations under the Revised Corporation Code (for most registration types). At least 25% must be subscribed; at least 25% of subscribed capital must be paid up.
Incorporators (for stock corp.)	Minimum of 2, maximum of 15 natural persons (for traditional corporations). For OPC: single stockholder only.
Filipino ownership	Foreign equity is restricted in sectors listed in the Foreign Investment Negative List (e.g., mass media, retail trade below certain thresholds, education). Confirm foreign ownership limits for your sector before structuring.
Articles of Incorporation	Mandatory document specifying: corporate name, purpose, principal office, term (or perpetual), names of incorporators, initial directors, and authorised capital stock details.
By-Laws	Internal governance rules. SEC provides template by-laws — recommended for first-time registrants.
Treasurer's Affidavit	Certifying that paid-up capital has been received by the corporation. Required for stock corporations.

SEC Registration Step-by-Step (Stock Corporation)

1. Create an account on the SEC CRS portal at crsonline.sec.gov.ph. Verify your email and complete the registrant profile.
2. Conduct a name verification and reservation online. Pay the name verification fee (typically PHP 500 for reservation valid 30 days).
3. Prepare and encode Articles of Incorporation and By-Laws using the SEC online forms. For standard business purposes, the SEC templates are sufficient. Complex or special-purpose corporations should engage a corporate lawyer.
4. Prepare the Treasurer's Affidavit and bank certificate showing receipt of paid-up capital. The bank must certify that the paid-up capital has been deposited in the company's name.
5. Submit all documents via the CRS portal. Pay registration fees online or via SEC-accredited payment channels (LandBank, DBP, GCash).
6. Await SEC processing — typically 5–10 business days for complete online submissions. SEC may request additional documents or corrections via email.
7. Download your SEC Certificate of Registration and Articles of Incorporation. These are required for: opening a corporate bank account, BIR registration, LGU business permit, and all future government transactions.

One Person Corporation (OPC) — Simplified Registration

OPC Registration Differences vs Standard Corporation:

Single stockholder — Articles of Incorporation for OPC use a simplified template. No minimum paid-up capital requirement for most OPCs (exception: regulated industries).
The single stockholder is the sole Director and President. A nominee and alternate nominee must be designated (to manage the OPC in case of the owner's death or incapacity).
Treasurer must be a different person from the President/stockholder. Can be a family member or trusted individual.
OPC cannot be converted into a partnership. Can be converted into an ordinary corporation.

SEC Annual Obligations After Registration

Obligation	Details & Deadline
General Information Sheet (GIS)	Filed within 30 days of the Annual Stockholders' Meeting (or annual meeting date). Contains current list of stockholders, directors, officers. Filed via SEC CRS online.
Annual Financial Statements (AFS)	Audited AFS filed with SEC — deadline depends on last digit of SEC registration number (staggered April–May filing). Must be audited by a CPA registered with the Board of Accountancy.
SEC Annual Registration Fee	Based on authorised capital stock. Due within 30 days of registration anniversary.

04

BIR ORUS Registration, TIN & Certificate of Registration

Regardless of whether you register with DTI or SEC, all businesses operating in the Philippines must register with the Bureau of Internal Revenue (BIR). The BIR issues your Tax Identification Number (TIN) and Certificate of Registration (COR) — without which you cannot issue official receipts, pay taxes, or operate legally.

What Is BIR ORUS?

ORUS (Online Registration and Update System) is the BIR's digital portal for taxpayer registration, TIN application, Certificate of Registration issuance, and registration updates. Launched from 2022 onward, ORUS replaces the manual BIR Form 1901 (individuals/sole prop) and 1903 (corporations) process for most taxpayers. Access at orus.bir.gov.ph.

TIN — Tax Identification Number

Every taxpayer in the Philippines — individual or entity — must have a TIN. If you are an individual registering as self-employed or sole proprietor and you already have a TIN from previous employment,

you do not need to apply for a new one. You will update your registration to add the 'self-employed' or 'business' registration. Applying for multiple TINs is illegal under the NIRC.

Taxpayer Type	BIR Form & Registration Notes
Self-employed individual / sole proprietor	BIR Form 1901 (now processed via ORUS). File at the Revenue District Office (RDO) with jurisdiction over your business address. If previously employed, use your existing TIN and update your registration.
Corporation / OPC	BIR Form 1903 (now processed via ORUS). File at the RDO with jurisdiction over the registered SEC address.
Partnership	BIR Form 1903 at the RDO. Each partner also individually registered.
Non-resident alien / foreign corporation	BIR Form 1903 with additional documentary requirements. Consult a Philippine tax adviser.

Step-by-Step: BIR ORUS Registration

Step 1 — Access BIR ORUS

Go to orus.bir.gov.ph. Create an account using a valid email address. New individual taxpayers without a TIN may apply for one through ORUS directly. Existing taxpayers updating their registration use their existing TIN credentials.

Step 2 — Complete Your Registration Profile

Fill in: personal/entity information; business trade name (matching your DTI or SEC registration); nature of business (choose from ORUS industry categories using PSIC classification — select the closest match to your primary business activity); registered business address; fiscal year end (most businesses use calendar year ending 31 December); and taxpayer type classification (VAT or Non-VAT).

Step 3 — Upload Supporting Documents

Upload scanned copies of: (a) DTI Certificate (for sole prop) or SEC Certificate of Registration + Articles of Incorporation (for corporations); (b) valid government-issued ID; (c) proof of business address (lease contract, utility bill, or barangay clearance with address); (d) accomplished BIR Form 1901 or 1903 (downloadable from ORUS); and (e) Barangay Business Clearance (required in most RDOs).

Step 4 — Pay Registration Fee

Annual BIR registration fee is PHP 500. Pay via GCash (BIR Official GCash merchant), LandBank, DBP, or over-the-counter at authorised agent banks. Generate the payment form via ORUS and upload proof of payment. Retain your Official Receipt — you will need the BIR-OR number for your records.

Step 5 — Receive Certificate of Registration (COR)

Upon successful processing, your BIR Certificate of Registration (COR / BIR Form 2303) will be issued — either available for download via ORUS or for pick-up at your RDO (depending on your RDO's process). The COR specifies: your TIN, registered address, tax types you are registered for (income tax, VAT or percentage tax, withholding tax), and your registered books of accounts. Display the original COR prominently in your place of business — BIR officers may inspect.

Step 6 — Register Books of Accounts and Apply for Authority to Print (ATP)

Immediately after receiving your COR: (a) Register your Books of Accounts with the BIR — Manual books are registered at your RDO; eBIRBooks (electronic) are registered via the BIR eBIRForms system; and (b) Apply for Authority to Print (ATP) for your Official Receipts or Sales Invoices via ORUS. Without an ATP, your receipts are not legally valid.

Revenue District Office (RDO) — Why This Matters

Your RDO is determined by your registered business address (not your home address for corporations, not your personal address if your business address differs). All your BIR filings, payments, and records are tied to your RDO. If you move business addresses to a different RDO's jurisdiction, you must transfer your registration — failure to do so results in filing at the wrong RDO, which BIR does not recognise as valid.

05

VAT vs Non-VAT Threshold Guide

One of the most consequential tax decisions for a Philippine SME is whether to register as a VAT (Value-Added Tax) taxpayer or remain under the percentage tax regime. This decision affects your pricing, cash flow, filing frequency, and bookkeeping complexity.

The PHP 3 Million Threshold

MANDATORY VAT REGISTRATION:

If your gross sales or receipts exceed PHP 3,000,000 in any 12-month period, VAT registration is mandatory. You must register with the BIR as a VAT taxpayer. Failure to register when required subjects you to back-assessed VAT plus penalties.

BELOW PHP 3 MILLION:

You are subject to the 3% Percentage Tax (or 1% under temporary relief — check current BIR issuances) on gross sales or receipts. This is simpler to compute than VAT but you cannot claim input VAT on your purchases.

VAT vs Non-VAT (Percentage Tax) Comparison

Factor	VAT (>PHP 3M)	Non-VAT / Percentage Tax (<PHP 3M)
Tax rate charged to customers	12% on gross sales/receipts	No VAT charged to customers
Tax paid to BIR	Output VAT minus Input VAT = VAT payable	3% (or 1% during relief period) of gross sales/receipts
Input VAT recovery	Yes — can claim back VAT paid on purchases	No input VAT recovery
Filing frequency	Monthly (BIR Form 2550M) and quarterly (2550Q)	Quarterly (BIR Form 2551Q)
Bookkeeping complexity	Higher — must track input and output VAT separately	Simpler — gross sales basis
Effect on pricing	Must add 12% to prices — or absorb (competitive disadvantage with consumers)	Prices are inclusive; no VAT to add
BIR compliance burden	Higher — monthly VAT returns plus quarterly	Lower — quarterly only

Voluntary VAT Registration

A business below the PHP 3 million threshold may register voluntarily as a VAT taxpayer. This is advantageous if you make significant purchases subject to VAT (inputs) — registering allows you to claim input VAT and reduce your net tax. Voluntary VAT registrants must remain VAT-registered for at least 3 years before applying for cancellation. Consider this carefully before choosing voluntary registration.

VAT-Exempt Transactions

Exempt Category	Examples
Agricultural produce	Raw agricultural, marine, and forest products in original state
Educational services	Educational services by private institutions duly accredited by DepEd, CHED, TESDA
Books and periodicals	Books, news publications, educational materials
Residential lease	Monthly rental of residential units ≤ PHP 15,000/unit/month
Exports	Export sales (zero-rated, not exempt — zero-rating allows input VAT recovery)
Health services	Medical, dental, hospital, veterinary services
Transport of passengers	International air/sea transport

Zero-Rated vs VAT-Exempt — A Critical Distinction

Zero-rated sales (0% VAT): No VAT is charged to the customer, BUT you can claim input VAT on related purchases. This is the treatment for export sales and certain international services.

VAT-exempt sales: No VAT is charged to the customer, AND you cannot claim input VAT on related purchases. This applies to the exempt categories listed above.

If you export products or provide services to foreign clients, you may be zero-rated (not merely exempt) — which means you can recover input VAT. This distinction can represent significant cash savings for exporters and BPOs.

06 Quarterly Returns, Official Receipts & Books of Accounts

Annual BIR Filing Calendar

Deadline	Filing Obligation	BIR Form
January 15	Payment of Monthly VAT Return (December)	2550M
January 25	Monthly Percentage Tax Return (December)	2551M (if applicable)
January 31	Annual Information Return of Income Taxes Withheld on Compensation	1604C
January 31	Annual Information Return — Expanded Withholding Tax	1604E
March 1	Annual VAT Return (4th Quarter)	2550Q (Q4)
April 15	Annual Income Tax Return (corporations & individuals)	1701A / 1702
May 15	Quarterly Income Tax Return (Q1)	1701Q / 1702Q
July 20–25	VAT/Percentage Tax Return (Q2)	2550Q / 2551Q
August 15	Quarterly Income Tax Return (Q2)	1701Q / 1702Q
October 20–25	VAT/Percentage Tax Return (Q3)	2550Q / 2551Q
November 15	Quarterly Income Tax Return (Q3)	1701Q / 1702Q
January 25 (following year)	VAT Return (Q4)	2550Q

Note: VAT-registered businesses also file monthly VAT returns (BIR Form 2550M) on the 20th of the following month. Non-VAT businesses under percentage tax file quarterly only (2551Q).

Official Receipts and Sales Invoices

All BIR-registered businesses must issue Official Receipts (for services) or Sales Invoices (for sale of goods). These documents are the primary evidence of a business transaction and are required for: (a) the buyer to claim the transaction as a deductible expense; (b) VAT-registered buyers to claim input VAT; and (c) BIR audit and examination purposes.

Document Type	When to Use & Requirements
Official Receipt (OR)	For services rendered (consultancy, professional fees, lease of property). Must carry the ATP serial number, your TIN, COR number, registered business name and address, and BIR-prescribed format.
Sales Invoice	For sale of goods (products, merchandise, items). Same formal requirements as OR. For VAT-registered businesses, must show VAT breakdown (amount exclusive of VAT + 12% VAT = total amount).
Acknowledgment Receipt	For receiving partial payments, deposits, or refunds — NOT a substitute for an Official Receipt. Cannot be used as a tax document.
Electronic Official Receipt / e-Invoicing	BIR is rolling out mandatory e-invoicing under the TRAIN Law. Large taxpayers are already required. SMEs should monitor BIR issuances — e-invoicing will eventually extend to all registered businesses.

Books of Accounts

Every BIR-registered business must maintain Books of Accounts registered with the BIR. The type of books required depends on your gross sales/receipts.

Gross Sales/Receipts	Books of Accounts Required
Below PHP 150,000 (individuals)	Simplified set: Journal + Ledger
PHP 150,000 – PHP 3,000,000 (individuals)	Journal, Ledger, Subsidiary Ledgers
Above PHP 3,000,000 or all corporations	Complete set: General Journal, General Ledger, Cash Receipts Book, Cash Disbursements Book, and relevant subsidiary ledgers. Must be audited by a CPA if gross sales exceed the threshold (SEC-registered companies: always audited).

eBIR Forms and eFPS (Online Filing)

BIR requires all taxpayers to file using eBIRForms (Electronic BIR Forms software) or via the eFPS (Electronic Filing and Payment System) for large taxpayers. Most SMEs use the downloadable eBIRForms software — available at bir.gov.ph. Filing via eBIR is mandatory for taxpayers enrolled in the system; manual filing is only permitted in limited circumstances.

Withholding Tax Obligations

If your business pays compensation to employees, professional fees to self-employed individuals, rent, or certain other payments, you are required to withhold income tax at source and remit it to the BIR. Key withholding tax rates: Professional fees paid to individuals — 5% ($\leq$ PHP 3M gross receipts) or 10% ($>$ PHP 3M); Rent payments — 5%; Employee compensation — graduated rates based on

compensation level. Withholding returns are filed on the 10th of the following month (BIR Form 1601E/F) for monthly filers.

07

Real-World Q&A for Freelancers & SMEs

The questions Philippine freelancers, online sellers, SME owners, and OFW returnee entrepreneurs are actually asking — at BIR RDO queues, SEC counters, DTI business centres, and online business communities. Every answer reflects current BIR, SEC, and DTI guidance.

DTI & SEC Registration

Q I sell products on Lazada and Shopee. Do I need to register with DTI and BIR?

A Yes — selling on e-commerce platforms is taxable business activity in the Philippines. The BIR issued Revenue Memorandum Circular 60-2020 clarifying that all online sellers, regardless of platform, must be registered with the BIR. You should first register your business name with DTI (if operating as a sole proprietor), obtain a Barangay Clearance and Mayor's Permit from your LGU, then register with the BIR at your local RDO. The platforms (Lazada, Shopee) may also require your BIR COR and TIN for compliance purposes.

Q I am a freelancer providing design services to foreign clients. Do I still need to register?

A Yes. Income earned from freelance services is taxable in the Philippines regardless of where the client is located. You must register with the BIR as a self-employed individual (BIR Form 1901 via ORUS). If your clients are foreign entities and the services are rendered outside the Philippines or delivered exclusively to foreign recipients, the income may qualify as zero-rated for VAT purposes — but you are still required to be registered and to file returns. Consult a Philippine tax professional to confirm zero-rating eligibility for your specific service.

Q My business partner and I want to start a food business together. Should we form a partnership or a corporation?

A For a food business with two partners, both a Partnership and an OPC are possible — but a two-person business cannot form an OPC (OPC requires a single stockholder). Your options are: (a) Partnership registered with SEC (simpler, no minimum capital but partners face unlimited liability); or (b) Stock Corporation with 2+ stockholders (limited liability, more structure, higher initial cost). For a food business planning to scale, open additional locations, or eventually seek investment, a corporation is typically the better long-term structure. For a small family food stall, a sole proprietorship under DTI remains the simplest option if only one owner.

Q Can a foreign national register a sole proprietorship in the Philippines?

A Generally, no. DTI business name registration for sole proprietorships requires the registrant to be a Filipino citizen. Foreign nationals can participate in Philippine businesses through a corporation (subject to Foreign Investment Negative List restrictions on foreign equity). A foreign national who is a permanent resident (holder of 13-series visa) may register certain types of

businesses — confirm eligibility with DTI and the relevant government agencies. Foreigners in the Philippines should consult a Philippine corporate lawyer before proceeding.

Q I operated informally for 2 years without registering. Can I still register now?

A Yes — you can register now, but you should be aware of the BIR's Voluntary Assessment and Abatement Program (VAAP) or similar amnesty programs if they are currently available. Unregistered businesses that register and voluntarily disclose past income may qualify for reduced penalties. Without disclosure, the BIR may assess back taxes for the period of non-registration, plus surcharges (25–50% of tax due) and interest (12% per annum). Engage a tax consultant before registering if you have 2+ years of unreported income.

BIR Registration & TIN

Q I already have a TIN from my previous employer. Do I get a new one when I register as self-employed?

A No — you must use your existing TIN. The TIN is a lifetime identifier; applying for a second TIN is illegal under the National Internal Revenue Code (NIRC). Instead, update your BIR registration via ORUS to add the 'self-employed' or business registration on top of your existing TIN. You will change your income tax filing from compensation-based to self-employment/business income. Your registration is updated from BIR Form 1700 (compensation) to BIR Form 1701A or 1701 (self-employed/mixed income).

Q My Certificate of Registration says I am Non-VAT. Can I still issue Official Receipts?

A Yes — Non-VAT registered businesses issue Official Receipts (for services) or Sales Invoices (for goods) just like VAT-registered businesses. The difference is that your receipts do not include a 12% VAT component. Your receipts should state 'VAT-Exempt' or 'Non-VAT' and should not show a VAT breakdown. You also do not collect 12% VAT from your customers. Your tax obligation is 3% Percentage Tax (or applicable reduced rate) on gross receipts, filed quarterly.

Q I registered my business at an old address. I have moved. What do I do?

A You must transfer your BIR registration to the RDO with jurisdiction over your new business address. The transfer process requires: filing BIR Form 1905 (Update of Registration Information) at your current RDO, requesting transfer to the new RDO, and completing the transfer with the new RDO. Until the transfer is completed, you must continue filing at your old RDO. Filing at the wrong RDO — even after moving — is considered non-filing by BIR. Do not delay this update.

Q How long does BIR registration take via ORUS?

A Processing time varies by RDO. For online submissions via ORUS, BIR targets a 3–5 business day processing time for complete applications. Many RDOs in Metro Manila process within 5–10 business days. Some provincial RDOs may take longer or may require in-person follow-up. Incomplete or incorrectly prepared submissions are returned for correction, extending the timeline. Having a complete and correct set of documents on first submission significantly reduces waiting time.

Q What is the difference between BIR Form 1901 and 1903?

A BIR Form 1901 is for self-employed individuals, sole proprietors, mixed-income earners, and estates/trusts — essentially individuals registering as taxpayers engaged in trade or business. BIR Form 1903 is for corporations, partnerships, associations, and other juridical persons — entities with a separate legal personality from their owners. Both forms are now processed primarily through ORUS, but the underlying distinction matters: 1901 applies to you as a person conducting business; 1903 applies to the entity (corporation or partnership) as a separate legal unit.

VAT & Taxes

Q I earn PHP 2.5 million from my online business this year. Am I VAT-registered?

A At PHP 2.5 million, you are below the PHP 3 million mandatory VAT threshold and are subject to the Non-VAT regime — specifically the 3% Percentage Tax on gross receipts (or applicable reduced rate per current BIR issuances). You should not charge VAT to customers. You file BIR Form 2551Q (Quarterly Percentage Tax Return) instead of VAT returns. If your income grows above PHP 3 million in a 12-month period, you must register as VAT-taxpayer promptly.

Q I crossed PHP 3 million in sales mid-year. When do I need to register for VAT?

A You must register for VAT within 10 days after the end of the month when your gross sales or receipts exceed PHP 3 million. For example, if you reach PHP 3 million on October 15, you must register for VAT by November 10. Your VAT obligations begin from the date of registration. Failure to register when mandatory exposes you to back-assessed VAT, surcharges, and penalties from the date you should have registered.

Q My service clients are all overseas. Do I charge them Philippine VAT?

A If your services qualify as zero-rated under the NIRC (services rendered to non-resident foreign clients and the consideration is paid in foreign currency inwardly remitted to the Philippines), you charge 0% VAT — not 12%. Zero-rating allows you to recover input VAT on your purchases, which can be significant for service businesses with substantial local costs. The zero-rating classification requires BIR approval via your Application for Zero-Rating. Consult a VAT-experienced accountant to confirm your specific services qualify.

Q What is the 8% Flat Tax option and should I choose it?

A Under the TRAIN Law (R.A. 10963), self-employed individuals and professionals with gross sales/receipts and other non-operating income not exceeding PHP 8 million may elect to pay income tax at a flat 8% rate on gross sales/receipts in lieu of the graduated income tax rates AND percentage tax. This is a significant simplification — no percentage tax, single 8% rate, simpler computation. You cannot choose the 8% option if you are VAT-registered (VAT-registered taxpayers are automatically above the threshold or have opted for VAT). The 8% election is made in the first quarterly return. Evaluate carefully — the 8% flat rate is beneficial if your profit margins are high and your deductible expenses are low.

Q I am both employed (with monthly salary) and earning freelance income. How am I taxed?

A You are a mixed-income earner. Your employment income is subject to withholding tax by your employer (credited against your final income tax). Your freelance income is subject to income tax at graduated rates and either percentage tax (3% if below PHP 3M) or VAT (if above PHP 3M). You cannot elect the 8% flat tax if you have compensation income from an employer. You must file BIR Form 1701 (not 1701A) annually, combining all sources of income. Keep your freelance income records separately from your compensation income for accurate annual filing.

Official Receipts & Books

Q My client refuses to accept an Official Receipt and wants a regular printed receipt. Can I use that?

A No — all business transactions that require a tax document must be covered by a BIR-registered Official Receipt (for services) or Sales Invoice (for goods) issued under your ATP (Authority to Print). A 'regular printed receipt' without a BIR ATP serial number is not a valid tax document. Your client's refusal does not remove your obligation to issue a proper receipt. If the transaction is not covered by an OR/Sales Invoice, it is effectively off-the-books — which exposes you to non-registration and under-reporting penalties.

Q I run out of Official Receipts. Can I issue handwritten receipts temporarily?

A No — you must apply for a new set of Official Receipts via Authority to Print before your current series runs out. BIR requires businesses to monitor their OR series and apply for new ATP before the last serial is used. If you have temporarily exhausted your supply, you may request your RDO for guidance — some RDOs allow temporary use of a BIR-prescribed substitute pending new OR delivery. Do not issue informal handwritten receipts as replacements for official ones.

Q What happens if a BIR examiner visits and my books are not properly maintained?

A Improperly maintained or unregistered books of accounts are a primary trigger for BIR assessment. An examiner finding unregistered books may issue a Notice of Discrepancy or proceed directly to assessment. Penalties for failure to keep proper books: PHP 1,000 to PHP 50,000 per taxable year, plus potential criminal prosecution for persistent non-compliance. Ensure your books are: (a) registered with BIR (with the official BIR stamp on the first page); (b) up to date; (c) supported by source documents (ORs, invoices, bank statements). An experienced bookkeeper or accountant is a worthwhile investment.

LGU Permits & Local Requirements

Q Do I need a Mayor's Permit even if I work from home?

A Yes — if you are registered with the BIR as a business taxpayer, your local government unit (LGU) requires a Business Permit (Mayor's Permit) for your registered business address, even if it is your home. The Mayor's Permit is obtained from your city or municipal hall's Business Permits and Licensing Office (BPLO). Requirements typically include: DTI or SEC Certificate, BIR COR, Barangay Business Clearance, and applicable fees based on your gross receipts. Renew annually before the end of January each year.

Q What is a Barangay Business Clearance and where do I get it?

A The Barangay Business Clearance (also called Barangay Clearance for Business) is issued by your local barangay hall and certifies that the barangay has no objection to your operating a business at the registered address. It is required before you can obtain your Mayor's Permit and is also required by most RDOs for BIR registration. Fees range from PHP 200–500 depending on your barangay. Present your DTI or SEC Certificate and a valid ID. Barangay Clearances are typically renewed annually along with the Mayor's Permit.

Q I missed renewing my Mayor's Permit for 2 years. What happens?

A Operating without a current Mayor's Permit exposes you to: (a) surcharges and penalties imposed by your LGU (typically 25% of the annual business tax due plus interest); (b) potential closure orders if inspected by LGU enforcement officers; and (c) complications with BIR compliance (RDOs may flag inconsistencies between business permit status and tax filings). Approach your LGU's BPLO proactively, pay the back taxes and penalties, and obtain a current permit. Most LGUs allow retroactive regularisation for businesses that come forward voluntarily.

08 Your BIR Registration Action Checklist

Use this checklist in sequence. CRITICAL items are those where non-compliance carries direct legal, financial, or operational consequences. Complete each phase before proceeding to the next.

Phase 1 — Pre-Registration Decisions

- ▶ **[CRITICAL] Choose your business structure: Sole Proprietorship (DTI), OPC (SEC), Corporation (SEC), or Partnership (SEC). Use Section 1 framework. Document your reasoning.**
- ▶ **[CRITICAL] Determine your VAT or Non-VAT status based on expected gross sales/receipts in the first 12 months. If below PHP 3M, start as Non-VAT. If above PHP 3M, register as VAT from the outset.**
- ▶ Choose your income tax scheme: Graduated rates (0–35%) or 8% Flat Tax (if eligible — not available if VAT-registered or with compensation income from employment).
- ▶ Prepare your business address. Confirm the address is in the correct RDO jurisdiction. If working from home, confirm your home LGU permits home-based business registration.
- ▶ Obtain a Barangay Business Clearance from your barangay hall (required for BIR and Mayor's Permit).

Phase 2 — Primary Registration (DTI or SEC)

- ▶ **[CRITICAL] Sole proprietors: Register business name on DTI eBRS at bnrs.dti.gov.ph. Pay registration fee (PHP 200–2,000 depending on scope). Download and print your DTI Certificate.**
- ▶ **[CRITICAL] Corporations/OPC: Register with SEC via CRS at crsonline.sec.gov.ph. Prepare Articles of Incorporation, By-Laws, and Treasurer's Affidavit. Pay SEC registration fees.**
- ▶ Obtain your Mayor's Permit (Business Permit) from your city/municipal BPLO. Requirements: DTI/SEC Certificate + Barangay Clearance + applicable fees.

Phase 3 — BIR Registration

- ▶ **[CRITICAL]** Register with BIR via ORUS at orus.bir.gov.ph. Complete BIR Form 1901 (individuals) or 1903 (corporations). Upload all required documents.
- ▶ **[CRITICAL]** Pay annual BIR registration fee of PHP 500. Retain Official Receipt.
- ▶ **[CRITICAL]** Receive and display your Certificate of Registration (COR / BIR Form 2303) prominently at your place of business.
- ▶ **[CRITICAL]** Register your Books of Accounts with BIR (manual books: at your RDO; eBIRBooks: via BIRForms system). Do not record any transactions in books before they are registered.
- ▶ **[CRITICAL]** Apply for Authority to Print (ATP) for Official Receipts and/or Sales Invoices via ORUS or your accredited printer. Do not issue any ORs until ATP is approved and receipts are printed.
- ▶ Enrol in eBIRForms or eFPS for online tax filing. eBIRForms is mandatory for most new registrants.

Phase 4 — Ongoing Compliance

- ▶ **[CRITICAL]** File quarterly income tax returns on time: May 15 (Q1), August 15 (Q2), November 15 (Q3), April 15 annual ITR.
- ▶ **[CRITICAL]** If VAT-registered: file monthly VAT returns (2550M by 20th of following month) and quarterly VAT returns (2550Q).
- ▶ **[CRITICAL]** If Non-VAT: file quarterly percentage tax returns (2551Q).
- ▶ **[CRITICAL]** Withhold and remit taxes on payments to employees (monthly: 1601C) and suppliers (monthly: 1601EQ).
- ▶ Renew DTI registration every 5 years. Renew Mayor's Permit annually before end of January. Pay BIR annual registration fee (PHP 500) by January 31 each year.
- ▶ Update BIR registration (BIR Form 1905) within 30 days of any change to: business address, trade name, tax type, or closure.
- ▶ Maintain and update Books of Accounts regularly. Retain all source documents (ORs, invoices, bank statements) for at least 10 years (BIR audit statute of limitations).

April 15 is the most critical BIR date of the year.

Annual Income Tax Return (BIR Form 1701 / 1702) for the preceding year is due on April 15, without exception. This is also the deadline for paying any final income tax balance due for the year. Late filing incurs a 25% surcharge plus 12% annual interest on unpaid tax. Set this date as an unmissable annual reminder.

Disclaimer & Copyright

This guide is published by ThriveOnz Group / Thrive Business Asia for general information purposes only. It is not legal advice, tax advice, or professional accounting or regulatory guidance. The information contained in this guide reflects BIR, SEC, DTI, and related agency guidance as understood at the time of publication (2025/26) and is subject to change.

Tax rates, thresholds, filing deadlines, penalty regimes, and registration requirements in the Philippines change regularly through Revenue Regulations, Revenue Memorandum Circulars, and legislative amendments. Always verify information against current BIR guidance at bir.gov.ph and the relevant agency

websites before making any decisions. When in doubt, seek advice from a qualified Philippine CPA, tax consultant, or lawyer.

ThriveOnz Group makes no representations as to the accuracy, completeness, or suitability of this information for any particular purpose. ThriveOnz Group accepts no liability for any decisions made in reliance on this guide.

Copyright Notice

© 2025/26 ThriveOnz Group. All rights reserved. This guide is licensed for personal and internal business use by the purchaser only. Reproduction, redistribution, resale, or publication of any part of this document — in any format — is strictly prohibited without prior written permission from ThriveOnz Group.

Version	Sources
Version 1.0 — Published 2025/26. Content reflects guidance current at publication. ThriveOnz will update this guide as BIR, SEC, and DTI publish further guidance.	BIR bir.gov.ph · BIR ORUS orus.bir.gov.ph · SEC crsonline.sec.gov.ph · DTI eBRS.bnrs.dti.gov.ph · National Internal Revenue Code (NIRC) · TRAIN Law (R.A. 10963) · Revised Corporation Code (R.A. 11232) · Revenue Regulations No. 8-2018 (8% Flat Tax) · RMC 60-2020 (online sellers) · PSE / SEC GIS guidelines

thriveonz.com · thrivebizasia.com

Helping Philippine SMEs and entrepreneurs grow with confidence.