

Tax Updates

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CLARIFICATION REGARDING THE OUTPUT VAT CREDIT ON UNCOLLECTED RECEIVABLES UNDER SECTION 110(D) OF R.A. NO. 11976 (EASE OF PAYING TAXES ACT)

Section 110 (D) of the Tax Code states that:

- **Output VAT Credit on Uncollected Receivables** - A seller of goods or services may deduct the output VAT pertaining to uncollected receivables from its output VAT on the next quarter, after the lapse of the agreed upon period to pay: Provided, That the seller has fully paid the VAT on the transaction: Provided, further, That the VAT component of the uncollected receivables has not been claimed as allowable deduction under Section 34(E) of this Code.

In case of recovery of uncollected receivables, the output VAT pertaining thereto shall be added to the output VAT of the taxpayer during the period of recovery.

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