



GSIS Memorandum Circular No. 011 - Series of 2019  
00-441-14

**TO :** HEADS OF CONSTITUTIONAL BODIES; BUREAUS AND AGENCIES OF THE NATIONAL GOVERNMENT; LOCAL GOVERNMENT UNITS; GOVERNMENT OWNED OR CONTROLLED CORP.; STATE UNIVERSITIES AND COLLEGES; AND ALL OTHERS CONCERNED

**SUBJECT :** IMPLEMENTING GUIDELINES FOR THE REPEAL OF GSIS VALUE-ADDED TAX EXEMPTION PURSUANT TO RA 10963

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Pursuant to the passage of Republic Act (RA) No. 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Act<sup>1</sup> which expressly repealed the Value-Added Tax (VAT) Exemption of GSIS under RA 8291<sup>2</sup>, the following guidelines are hereby issued:

#### **A. Coverage**

This Memorandum Circular shall cover the sale or lease by and to GSIS of goods, services and properties that are subject to VAT (*i.e.* purchase of goods and services, payment of adjuster's fee, payment of insurance claims to motor shops, sale of non-life insurance products, lease of properties).

#### **B. Definition of Terms**

- Input Tax** - VAT due on or paid by a VAT-registered on importation of goods or local purchase of goods, properties or services, including lease or use of property in the course of his trade or business.
- Output Tax** - VAT due on the sale or lease of taxable goods or properties or services by any person registered or required to register under Section 236 of the National Internal Revenue Code (NIRC), as amended.
- Transitional Input Tax** - Input tax on beginning inventory of goods, materials and supplies equivalent for eight percent (8%) of the value of such inventory or the actual VAT paid on such goods, materials and supplies, whichever is higher, which shall be creditable against the output tax.
- Value Added Tax** - A form of sales tax on consumption levied on the sale, barter, exchange or lease of goods or properties and services in the Philippines and on importation of goods into the Philippines.

<sup>1</sup> Section 86(r) of RA 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Act.

<sup>2</sup> Section 39 of RA 8291 or the Government Service Insurance System Act of 1997.

### **C. Amount of VAT**

The GSIS shall record and impose a VAT equivalent to twelve percent (12%) of the gross selling price or gross value in money of the goods, services and properties for transactions subject to VAT.

### **D. Recording of Input Tax and Imposition of Output Tax**

1. The GSIS shall record the 12% input tax passed-on by the suppliers of goods and services.

The GSIS check releasing units shall:

- a. Secure from the suppliers the original VAT-Official Receipts (VAT-OR); and
  - b. Make a Certified True Copy (CTC) of the VAT-OR showing the details of the input VAT charged for the purchases.
2. A 12% output tax shall be imposed by GSIS on all sales and on the following transactions, among others:
    - a. Sale of non-life insurance products;
    - b. Reinsurance commissions;
    - c. Sale of Retail Housing Units through public auction the amount of which exceeds Php 2.5 Million, provided beginning 01 January 2021 the amount exceeds Php 2 Million, and provided finally, that every three (3) years thereafter, the amount shall be adjusted to its present value using the Consumer Price Index as published by the Philippine Statistics Authority;
    - d. Lease of properties if the monthly rental exceeds Php 15,000 and the aggregate of such rentals during the year exceeds Php 3,000,000.00; and
    - e. Transactions classified as "Other Income" in the GSIS Book of Accounts such as sale of disposable, unserviceable, obsolete or unnecessary furniture, fixtures and equipment, including damaged supplies and materials.
  3. For all VATable transactions where the other party is a withholding agent, the GSIS End-User Unit shall require the said party to submit a Certificate of Final Tax Withheld at Source to GSIS on the day of payment.
  4. The GSIS shall likewise record and impose VAT on transactions, products and services that are clearly and expressly identified as transactions subject to VAT under the National Internal Revenue Code, as amended by the RA No. 10963.

#### **E. Data Privacy**

The operating units concerned shall ensure that the creation and collection, storage and transmittal, use and distribution, retention, as well as disposal and destruction of the personal and sensitive personal data of members, pensioners and other stakeholders, as required by this OO, adhere to the requirements of the Data Privacy Act.

#### **F. Effectivity**

This OO shall take effect after fifteen (15) days from the date of its publication in a newspaper of general circulation and upon the availability of VAT receipt.

#### **ORIGINAL SIGNED**

**RÓLANDO L. MACÁSÆT**

Officer-in-Charge, President and General Manager

Date Signed: 03 SEP 2019