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## **THE IMPLEMENTATION OF EASE OF PAYING TAXES (EOPT) ACT AND ITS IMPACT AMONG MICRO AND SMALL BUSINESSES IN A MODERATELY DEVELOPED PROVINCE**

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### **ABSTRACT**

The Ease of Paying Taxes (EOPT) Act intends to streamline tax administration in the Philippines by digitalizing processes, enhancing convenience, and promoting compliance for both individual and corporate taxpayers. This qualitative study aims to assess the implementation of the Act and its impact on micro and small businesses operating in Nueva Vizcaya. This research intends to obtain extensive insights regarding the changes introduced by the Act, such as its implications on tax filing and payment processes, location of these operations, and overall economic impact on firms. Additionally, the study sought to identify challenges faced by businesses in adapting to the new requirements and assessed the Act's adherence to the principles of a good tax. Data were collected through in-depth interviews with six participants from Nueva Vizcaya, including business owners and bookkeepers. Thematic analysis was used to identify common themes in the data. The results highlight that with most businesses embracing BIR's online systems like EFPS and eBIRForms, the Act has reduced time burdens and improved tax compliance. However, while filing became easier, payment methods largely remained unchanged, with many sticking to traditional bank payments. Several key themes emerged, including: (1) transition from manual to electronic filing, (2) convenience and efficiency of online payments, (3) efficiency in terms of time and money, (4) digital divide and technological barriers, among others. The study also found that the Act aligns with the four standards of a good tax system by being sufficient, convenient, and fair, but requires improvement in certain areas to ensure economic efficiency. The study's findings highlight the significant shift among micro and small businesses in their tax filing and payment practices, underscoring the economic advantages as well as the challenges encountered by taxpayers, which were brought about by the Act's implementation. This research may serve as a foundation for the further development of the EOPT's implementation and the thorough integration of online systems.

*Keywords:* Digital divide, digitalizing, eBIRForms, EFPS, electronic filing, tax administration, tax compliance, tax law, tax system

### **INTRODUCTION**

#### **Rationale**

The Ease of Paying Taxes (EOPT) Act or Republic Act No. 11976, enacted on January 22, 2024, aims to streamline tax administration and improve taxpayer convenience by digitalizing the Philippine tax system (Anlim, 2024). Representative Joey Salceda, the bill's lead proponent, described it as the most significant tax reform since the 1997 National Internal Revenue Code (NIRC). The Act seeks to digitize tax processes, reducing paperwork and enhancing compliance, in line with Finance Secretary Benjamin Diokno's goal for the BIR and BOC (Inquirer, 2024).

Key provisions of the EOPT Act include digital or manual tax filing, the establishment of a roadmap for tax digitalization, and changes to VAT and taxpayer classifications, especially benefiting micro and small businesses (Anlim, 2024; Aranas, 2024). It also requires the BIR to implement digital systems for tax services, aiming for efficiency and better compliance (Gonzales, 2024). The law introduces tax return filing platforms like eBIRForms and eFPS, with manual filing allowed in case of technical issues (Boaloy, 2024).

Moreover, the Act allows micro and small taxpayers to file their income tax returns either manually or electronically in not more than two pages instead of four (Samson, 2024). Form 1701A is for those who have pursued full-time self-employment, which is currently experiencing an upsurge. The Act also applies the TRAIN Law and the 2019 tax rates. But although its primary goals are to make tax administration and taxpayer satisfaction easier, the law also made some slight adjustments to the way civil penalties and interest are assessed based on the classification of the taxpayer (Unciano, 2024). Specifically, the EOPT Act provides the following special concessions to micro and small taxpayers: a decrease in interest rates and penalties by half (from P1,000 to P500), which are levied for omission of certain information returns; compromised sanctions cut by at least 50% for violations related to invoicing requirement, issuance, printing of sales invoices; and a civil penalty of 10% rather than 25% imposed for failure to make correct return of income or pay proper taxes. The P500 annual registration fee for taxpayers who register with the right RDO manually or electronically will no longer be required. All one has to do is file a manual or electronic application for updating of registration information (Datiles, 2023).

To enable the Department of Finance (DOF) to systematically evaluate the fiscal capacity of Local Government Units (LGUs) and align them with national economic goals (Department of Finance, 2023), Republic Act 11964, or the Automatic Income Classification of Local Government Units Act, classifies provinces into five categories based on their average annual regular income over the past three fiscal years. Nueva Vizcaya, with an annual revenue of ₱1,169,341,666.85 in 2016, is classified as a Class 2 Province, reflecting moderate development potential (PhilAtlas, 2016). Furthermore, the Philippine Statistics Authority's 2019 Provincial Human Development Index ranked Nueva Vizcaya 13th, indicating moderate human development, with average living conditions and access to healthcare, education, and income opportunities.

However, tax collection remains a challenge for such provinces, as their limited revenue base restricts resources for infrastructure and essential services. Rural depopulation and weaknesses in governance further impede development, exacerbated by the prevalence of the informal economy, which complicates tax enforcement (Asian Development Bank, 2017; World Bank, 2021).

Despite these obstacles, Nueva Vizcaya has made strides in promoting tourism and sustainable agriculture while improving governance and public service delivery (Nueva Vizcaya, Philippines, 2020). Innovative practices like barangay-level tax collection and agricultural incentives aim to expand the tax base and support key industries. Additionally, laws such as the Ease of Doing Business (EODB) and Ease of Paying Taxes (EOPT) Acts streamline tax processes for micro and small businesses (Amatong, 2005; Buted, 2024).

The focus of this study is on micro and small businesses. Republic Act No. 9501, or the Magna Carta for Micro, Small, and Medium Enterprises (MSMEs), defines MSMEs as businesses in industry, agribusiness, or services with total assets not exceeding ₱100 million (excluding land) and fewer than 200 employees. Republic Act No. 11976 (EOPT Act) categorizes taxpayers based on gross sales: micro (below ₱3 million), small (₱3–₱20 million), medium (₱20 million–₱1 billion), and large (₱1 billion and above).

MSMEs comprise 99.58% of businesses in the Philippines and employ 63% of the workforce (Santiago, 2023). They drive technological advancements, local development, and job creation (Ahmed, 2019). Moreover, small businesses play a key role in tax systems as both collectors and remitters (Christensen et al., 2001). As such, there is a need to work on increased tax awareness as it directly affects tax compliance among micro and small enterprises (MSEs) (Paco & Quezon, 2022) which in turn is influenced by system fairness, trust in authorities, and penalty severity (Kamleitner et al., 2012).

The EOPT Act provides an answer by simplifying tax processes, aiming to modernize administration, enhance taxpayer rights, and boost compliance and revenue (Lo, 2024; Gonzales, 2024). It aligns with industry standards, reduces filing burdens, and promotes timely compliance (Vergara & Dizon, 2024). However, a gap remains in research on EOPT's specific effects on MSEs, especially in moderately developed areas with unique characteristics like infrastructure and industry composition. Hence, this study bridges that gap by examining pre- and post-implementation tax compliance and financial impacts.

Moreover, this study explores the Act's impact on MSEs, assessing changes in filing procedures, tax expenses, and policy alignment, offering insights to policymakers, business owners, and stakeholders in moderately developed provinces. The key beneficiaries include: (1) micro and small enterprises who can gain insights into navigating the Act for growth and compliance; (2) taxpayers who can have improved awareness of tax processes and obligations; (3) policymakers who can benefit from recommendations for refining tax systems; (4) academic institutions in terms of enrichment of curricula on evolving tax policies; and (5) future researchers who can have foundational knowledge for further studies.

This study correlates with two Sustainable Development Goals (SDGs): SDG 8, Decent Work and Economic Growth, and SDG 9, Industry, Innovation, and Infrastructure. SDG 8 prioritizes the promotion of productive employment, decent work for everyone, and sustainable economic growth which is relevant to the focus of this study, the amended tax regulations of the EOPT Act which impacts micro and small businesses. Through the Act's tax policy revisions which include reducing tax compliance costs on enterprises and the simplification of tax procedures, many individuals can be encouraged to organize their own business ventures. Furthermore, industries or firms that manage to spend less time and money on tax compliance may allocate more funds and undertake other profitable projects, contributing to better working conditions along with business growth and prosperity.

Meanwhile, SDG 9 is closely related to the EOPT Act implementation since it addresses regulatory improvements meant to enhance the business climate, which fosters innovation and promotes inclusive industries and sustainable infrastructures. A well-structured and efficient tax system is vital infrastructure that underpins a strong economy. The EOPT Act's improved infrastructure allows businesses to invest in additional expansion and operate more easily. Reduced tax compliance obligations grant micro and small-sized enterprises to concentrate on developing innovative goods, and services, and establish proper business practices.

Through an assessment of the relationship between the EOPT Act and these SDGs, this study can offer significant contributions to the understanding of the wider effects of tax-related policies on the province's general economic landscape.

### **Statement of Objectives**

This study aims to evaluate and assess the implementation of the EOPT Act and its impact on micro and small businesses operating within a moderately developed province, particularly in Nueva Vizcaya, for the first semester of the school year 2024-2025.

Specifically, this study sought to achieve the following objectives:

1. To examine the changes in the manner of filing and payment of taxes among micro and small businesses after gaining knowledge about the EOPT Act, including the time spent and the convenience of the new methods compared to the previous ones;
2. To analyze the changes in the place of filing and payment of taxes among micro and small businesses following the implementation of the EOPT Act, considering factors such as convenience and efficiency;

3. To investigate the amendments on various types of taxes and their impact on micro and small businesses, including changes in tax liabilities, time spent on tax calculations, and adjustments made to comply with new regulations;
4. To assess the economic benefits realized by micro and small businesses following the implementation of the EOPT Act, focusing on areas such as cost savings and increased productivity time;
5. To identify the challenges or barriers encountered by micro and small businesses in adapting to the EOPT Act and complying with its provisions, and to propose recommendations to address these challenges; and
6. To assess whether the EOPT Act is in accordance with the standards of a good tax in terms of:
  - 6.1. Sufficiency
  - 6.2. Convenience
  - 6.3. Economic Efficiency
  - 6.4. Fairness

## METHODOLOGY

This study used a qualitative phenomenological approach to understand the impact of the Ease of Paying Taxes (EOPT) Act on micro and small businesses in Nueva Vizcaya. The research aims to gather participants' opinions and experiences to assess how they perceive the changes brought by the EOPT Act. The study was conducted in Nueva Vizcaya, specifically in the municipalities of Bayombong, Solano, and Bambang. These municipalities were selected because of their economic importance, with Bayombong being the highest revenue collector in the region. In 2023, there were 4,511 registered micro and small businesses in Nueva Vizcaya, with the highest number of businesses in Bayombong (868), followed by Solano (817) and Bambang (752). Participants included six micro and small business owners and one bookkeeper, selected through purposive sampling. Participants were registered with both the DTI and BIR, had been operating for at least seven years, and had knowledge of the EOPT Act. In addition to interviewing six micro and small businesses, the study also conducted an interview with a BIR employee to enrich the findings, particularly in evaluating the EOPT Act's alignment with the economic efficiency standard. Data collection relied on semi-structured interviews, with questions based on the *Doing Business 2019* report, focusing on tax filing, payment processes, and business operations. Separate questions were used for the BIR employee to evaluate the Act's implementation challenges and benefits. Data were analyzed using thematic analysis to identify recurring themes in the participants' responses.

## RESULTS AND DISCUSSION

### Section 1. Changes in the Manner of Filing and Payment of Taxes

The implementation of the Ease of Paying Taxes (EOPT) Act introduced significant changes in the manner of tax filing and payment, highlighting themes such as transition from manual to electronic filing, preference for manual bank payments, and convenience and simplicity of online filing. Taxpayers widely embraced electronic filing platforms like eBIRForms and eFPS, appreciating their ability to reduce processing time from hours to just 15 to 30 minutes. Informant D shared, "Sa tingin ko naman ay mas madali at mas convenient kasi hindi ko na kailangan pumila sa BIR office. Ginagamit ko na 'yung online platform ng BIR para ma-submit 'yung forms digitally" [I think it's easier and more convenient because I no longer have to line up at the BIR office. I use the BIR's online platform [eBIRForms] to submit the forms digitally] (Informant D, 2024). Similarly, Informant E explained, "Nag-shift ako sa

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electronic filing kasi naging mas madali at mabilis siya kumpara sa manual. Accessible na rin siya para sa akin kasi yung computers namin dun sa Finance ay actually merong BIR na website or application. Hindi ko na kailangan pang pumunta sa BIR office” [I switched to electronic filing because it became easier and faster compared to manual filing. It’s also accessible for me because the computers in our Finance department actually have the BIR website or application. I no longer need to go to the BIR office] (Informant E, 2024).

Specifically, the introduction of online filing systems brought about increased time efficiency in filing and challenges in system navigation. The streamlined electronic process allows taxpayers to complete filings faster, with most informants reducing the time spent on tax forms to less than 30 minutes. Informant D credited this improvement to the system’s intuitive features, noting, “Yung harmonization naman ng tax base para sa mga VAT taxpayers ay sa tingin ko nakatulong din para mas simple at madaling mag-compute, less chance na magkamali, kaya mas madali mag-comply” [I also think the harmonization of the tax base for VAT taxpayers has helped make calculations simpler and easier, reducing the chance of errors and making compliance more straightforward] (Informant D, 2024). This simplification helps minimize errors and expedites the filing process, making compliance more straightforward.

However, despite the benefits of electronic filing, the preference for manual bank payments persists among some taxpayers, who value the reliability and personal interaction offered by traditional methods. Informant A stated, “Hanggang ngayon naman ay manually kaming pumupunta sa bangko at nagbabayad ng taxes namin... Ginagamit ko yung eBIRForms kasi mas madali na ngayon mag-file ng returns. Pero sa pagbabayad ng tax naman eh mas gusto ko pa rin pumunta sa bangko. Kasi at least alam ko na may tao akong kausap, at mas mabilis ko masosolusyonan kung may aberya o problema man. Minsan kasi yung sa online, kung may problema ka, matagal bago ma-resolve” [Even now, we still manually go to the bank to pay our taxes... I use eBIRForms because it is now easier to file returns. But when it comes to paying taxes, I still prefer to go to the bank. Because at least I know that I have someone to talk to, and I can resolve it faster if there ever is an error or problem. Sometimes, when using online methods, if a problem occurs, it takes a long time to resolve it] (Informant A, 2024).

These responses highlight the varying levels of trust and adaptability among taxpayers when it comes to the EOPT Act’s modernization efforts.

The findings indicate that the Ease of Paying Taxes (EOPT) Act has made notable strides in modernizing the Philippine tax system, particularly in streamlining the tax filing processes for micro and small businesses. The transition from manual to electronic tax filing systems has proven effective in reducing time burdens and increasing overall efficiency, aligning with the Act’s objectives of simplifying tax compliance (Paco & Quezon., 2022). But while the move to electronic filing has been widely adopted, the impact on tax payment methods is limited. Despite the push for digitalization, the majority of participants continues using traditional bank payment methods, suggesting that further integration of digital payment solutions is necessary to fully complement the shift in filing systems. This gap highlights the need for more synchronized technological advancements that can improve both the filing and payment aspects of the tax process.

## **Section 2. Changes in the Place of Filing and Payment of Taxes**

Changes in the place of filing and payment of taxes were also evident, with themes like digital transformation and adoption of e-filing and satisfaction and continuity among early adopters standing out. Many taxpayers shifted from manual submissions at BIR district offices to online platforms, a move that underscores the Act’s success in promoting digital transformation. Informant C shared, “Dati kasi nagpupunta kami sa BIR mismo, doon kami nagfa-file manually. Ngayon, mula nung nag-online filing na kami, through eBIRForms na mismo

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ako nag-fa-file" [Before, we visit the BIR office in person to file taxes manually. Since the initiation of online filing, I have been submitting my filings straight via eBIRForms] (Informant C, 2024). This shift allows greater flexibility, enabling taxpayers to file from any location with internet access.

However, challenges remained, particularly regarding information dissemination and user-friendliness of the systems. Informant B raised concerns about the lack of a continuous information campaign when the TRAIN Law was implemented: "Kaya lang ang problem din naman sa kanila kasi, parang wala kasi silang information dissemination regarding EOPT. So unlike nung nag-start yung train law kasi, continuous kasi yung seminars ni BIR. So nung nag-implement sila may information dissemination na kasama. Pero nung na-enact yung EOPT kasi wala. So siguro yun, although madali siya, siguro for other businesses mahirap siyang sundan kasi wala siya information campaign... Yung website kasi ni BIR hindi pa rin siya ganoon user-friendly. Actually, kahit yung sa online filing, yung sa eFPS, hindi rin siya ganoon kay user-friendly" [The problem with them, though, is that they don't seem to have any information dissemination regarding EOPT. Unlike when the TRAIN Law was introduced, the BIR held continuous seminars. So when it was implemented, there was an information and dissemination campaign. But when the EOPT was enacted, there wasn't any. So maybe that's why, even though it's easy, it might be hard for other businesses to follow because there wasn't an information campaign... The BIR website still isn't that user-friendly. Actually, even the online filing, the eFPS, isn't that user-friendly either] (Informant B, 2024).

Despite these issues, early adopters like Informant B, who had already transitioned to eFPS prior to the EOPT Act, experienced little change but expressed satisfaction with the system's reliability and efficiency. These remarks highlight the varying experiences among taxpayers, with early adopters benefiting from their familiarity with digital processes.

For micro and small businesses, the EOPT Act has significantly impacted tax filing and payment practices. Most informants reported switching from manual filing to using online systems such as eBIRForms and eFPS (Ibrahim et al., 2015), which has made the filing process faster and more efficient. However, payment practices remained largely unchanged, with many businesses continuing to rely on authorized agent banks for tax payments (Jones et al., 2022). While the shift to electronic filing has been successful for many, the continued use of traditional payment methods indicates that the Act has not yet fully addressed the need for digital payment options, which would further enhance convenience and efficiency for taxpayers.

### **Section 3. Amendment on Taxes and Its Impact on Micro and Small Businesses**

For micro and small businesses, the Act's impact varied based on tax registration status, emphasizing themes such as the impact of Other Percentage Tax (OPT), reduced financial burden for micro businesses, and the impact of VAT on registered businesses. Non-VAT registered businesses found the 3% OPT burdensome, especially during periods of low sales. Informant E shared, "Micro lang ako at Non-VAT rin kaya naman 3% percentage tax yung talagang nakakaapekto sa business ko. Nakaka-stress lang minsan kasi kahit maliit lang ang kita, kailangan pa ring magbayad nito. Yung income ko, halos nababawasan pa lalo na kapag mahina ang benta" [I'm just a micro business and Non-VAT registered, so the 3% percentage tax really affects my business. It can be stressful sometimes because even if the income is small, I still have to pay this tax. My income gets even more reduced, especially when sales are low] (Informant E, 2024). This fixed-percentage tax places additional pressure on businesses during slow revenue periods, reducing their overall income.

VAT-registered businesses, on the other hand, faced increased tax liabilities due to changes in the tax base. Informant B observed, "Parang nag-increase yun amin. Kasi compared yun sa previous, or yung, oo lumaki yung binabayaran namin actually sa taxes. Kasi kapag gross

sales na ang basehan, mas malaki ang amount kaysa gross receipts. Hindi naman sobrang laki ng increase, pero noticeable pa rin siguro mga 5% lang yung increase, at kailangan i-adjust ang budget at cash flow" [It seems like ours increased. Compared to before, yes, we're actually paying more in taxes now. Because when gross sales are used as the basis, the amount is larger than when it's based on gross receipts. The increase isn't too big, but it's still noticeable—probably around 5%. We had to adjust our budget and cash flow] (Informant B, 2024). This adjustment leads to a noticeable rise in tax obligations, requiring businesses to make adjustments in budgeting and cash flow.

Amid these challenges, the removal of the PHP 500 annual registration fee emerged as a relief for micro businesses. Informant D described this change as a significant cost-saving measure, particularly for small-scale operations where every peso matters, saying, "Oo, kahit paano, nakagaan din 'yung pagtanggap ng annual registration fee na 500 pesos. Konting tipid din 'yun at isa pang hassle na nabawasan" [Yes, the removal of the 500 pesos annual registration fee has definitely eased things a bit. It saves some money and reduces one hassle] (Informant D, 2024). This fee removal helps ease the financial burden on small businesses, allowing them to allocate resources more effectively.

The impact of tax changes under the EOPT Act vary depending on a business's registration status. Non-VAT-registered businesses, especially micro businesses, identified the Other Percentage Tax (OPT) as their most significant burden. The removal of the ₱500 annual registration fee provides some relief, but its impact on financial health is limited (National Power Corporation vs. City of Cabanatuan, 2003). In contrast, VAT-registered businesses experience increased tax liabilities due to changes in the VAT base, highlighting the complex nature of the Act's impact (Tabag, 2022). Despite these challenges, the reduction in penalties under the EOPT Act has positively impacted compliance, as businesses feel more encouraged to meet their tax obligations voluntarily. The change in penalty structures has fostered a greater willingness to comply, improving overall tax collection and voluntary adherence (Tax Foundation, 2024).

#### **Section 4. Economic Benefits on the Implementation of EOPT Act**

Economically, the EOPT Act has provided significant benefits to micro and small businesses, particularly in terms of cost savings and increased productivity. The elimination of the annual registration fee and the move to online filing have eased financial pressures and saved businesses time, enabling them to allocate more resources to core operations (Paco & Quezon, 2022). These changes have been particularly beneficial for smaller businesses, which often face significant resource constraints. However, several challenges remain. Many businesses reported difficulties with the complicated online systems and inadequate user interfaces (Jones et al., 2022). This highlights the need for more accessible, user-friendly platforms and better support systems to ensure that businesses can effectively navigate the new digital infrastructure. Improved digital literacy is also necessary to help businesses adapt to the evolving tax landscape (Ibrahim et al., 2015).

#### **Section 5. Challenges or Barriers Encountered by Micro and Small Businesses**

In adapting and complying to the EOPT Act, however, challenges persist for first-time users and those less familiar with technology, reflecting the need for improved support and user experience. Informant C, for instance, encountered delays in receiving online confirmations, which occasionally disrupted the filing process. He shared, "Dati kase manual nga kaming nagpa-file monthly, pupunta pa kami sa BIR tapos pipila pa kami ng mahaba pero ngayon kasing online filing pwede mo na rin siyang i-file kahit sa bahay kase merong binigay na app yung mga taga-BIR na kailangan i-download, kung meron kang computer sa bahay para at least dun na mai-fa-file sa bahay. Mas convenient kasi sa bahay ko na ifafile tapos yung confirmation nalang

hihintayin" [We used to file manually each month. We had to go to BIR, and join the very long queue. But now, with online filing, we can do it at home if you have a computer which is very convenient. All you have to do is wait] (Informant C, 2024). Despite these challenges, the shift to online filing offers more convenience, enabling taxpayers like Informant C to file from home and simply wait for confirmation, reducing the need for long trips to the BIR office.

## **Section 6. Evaluation of EOPT Act Against Established Standards of Good Tax Principles (Sufficiency, Convenience, Fairness, and Economic Efficiency)**

In terms of the four standards of a good tax system—sufficiency, convenience, economic efficiency, and fairness—the EOPT Act generally meets these criteria, but with areas for improvement. The sufficiency of tax revenue remains intact, despite the removal of the ₱500 annual registration fee, as alternative revenue sources are available to the government (Jones et al., 2022). The Act improves convenience by significantly reducing the time and costs associated with tax compliance, enabling businesses to focus more on their operations. From an economic efficiency standpoint, while the Act has simplified processes and reduced administrative burdens, concerns about system reliability, especially during peak filing periods, remain a challenge. These concerns could potentially affect the Act's long-term economic efficiency (National Power Corporation vs. City of Cabanatuan, 2003). Lastly, the fairness of the Act is generally perceived positively, with unchanged tax rates and reduced penalties easing the burden on micro and small businesses. However, technological barriers remain for businesses in areas with poor connectivity, which may prevent them from fully benefiting from the Act's provisions (Ibrahim et al., 2015).

Overall, the EOPT Act has successfully modernized tax compliance processes, addressing themes of efficiency, convenience, and cost reduction. While the transition to digital platforms has been widely accepted, the preference for manual payments and the challenges in system navigation indicate areas for further improvement. By addressing these concerns and continuing to enhance accessibility, the EOPT Act can further promote a more inclusive and efficient tax environment.

In summary, the EOPT Act has made substantial progress in modernizing the Philippine tax system, particularly for micro and small businesses. The shift to electronic filing has been largely successful in terms of efficiency, though payment practices remain more traditional. While the Act has provided significant economic benefits, particularly through cost savings and productivity gains, it has also presented challenges, particularly regarding system complexity and insufficient support for digital adoption. Addressing these challenges, particularly improving system reliability and digital literacy, will be crucial for the Act to fully meet its objectives and ensure a smoother transition to a modernized tax system for all businesses. As it stands, the EOPT Act has largely succeeded in meeting the standards of a good tax system, but additional reforms are needed to enhance its economic efficiency and accessibility for all taxpayers (Tabag, 2022).

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

1. The EOPT Act modernized tax filing, transitioning from manual to electronic systems, reducing time and improving efficiency. However, most participants still rely on traditional bank payment methods, highlighting the need for better payment solutions to match filing improvements.
2. The EOPT Act shifted tax filing for most micro and small businesses to online systems like eFPS and eBIRForms, with four of six informants adopting eBIRForms. Despite the shift, most still use authorized banks for payments.

3. Tax changes affected businesses differently: non-VAT-registered micro businesses found the Other Percentage Tax (OPT) burdensome, while VAT-registered businesses faced higher liabilities due to VAT base changes. Removing the ₱500 annual fee helped micro businesses slightly, while reduced penalties improved voluntary compliance.
4. Micro and small businesses gained economic advantages, including cost savings and productivity boosts, through the elimination of the annual fee and the transition to online filing.
5. Challenges persist with the Act's online system, including complex interfaces, inadequate support, and low digital literacy, emphasizing the need for user-friendly platforms and improved training.
6. The EOPT Act largely meets good tax system standards, being sufficient, fair, and convenient, though economic efficiency can improve. Online systems save time and costs, but technical issues during peak periods and poor connectivity hinder full efficiency. Reduced penalties and stable rates enhance fairness, but technological barriers persist in some areas.

### Recommendations

**For the Micro and Small Business Owners and Taxpayers.** They are encouraged to attend seminars on eFPS to learn its benefits, including time, cost, and effort savings.

**For the Bureau of Internal Revenue, Officials, and Policymakers.** It is recommended that they strengthen awareness campaigns and improve platform usability to encourage online tax filing and payment.; provide ongoing support, clear guidelines, and accessible customer assistance for effective system use; develop secure mobile apps for convenient online tax payments, especially for remote areas; and regularly update online systems, expand training, and evaluate the EOPT Act's impact to reduce burdens and drive growth.

**For the School of Accountancy and Business Department.** The department is advised to partner with local businesses to refine the curriculum and prepare graduates for supporting digital tax systems.

**For Future Researchers.** They are encouraged to study the long-term impact of digital tax systems on compliance and efficiency; explore improvements in compliance, productivity, and satisfaction after switching to eFPS; and investigate how geographic location influences online system adoption and its outcomes.

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