



MEMORANDUM CIRCULAR No. **106**  
Series of 2025

**TO :** THE SENIOR DEPUTY ADMINISTRATOR, DEPUTY ADMINISTRATORS, THE REGIONAL/DEPARTMENT/PROJECT MANAGERS, DIVISION MANAGERS, AND ALL OTHERS CONCERNED

**SUBJECT :** THE USE OF COLLECTION RECEIPT AND SERVICE INVOICE AS REQUIREMENTS UNDER REVENUE REGULATIONS (RR) No. 7-2024, as Amended by RR No. 11-2024 and RMC 77-2024.

**I. PURPOSE**

Pursuant to Revenue Regulations (RR) No. 7-2024, as amended by RR No. 11-2024 and Revenue Memorandum Circular (RMC) No. 77-2024, which were issued in accordance with Republic Act No. 11976, otherwise known as the Ease of Paying Taxes (EOPT) Act, this Memorandum Circular is hereby issued to provide implementing guidelines for the proper use of Service Invoices and Collection Receipts within the National Irrigation Administration (NIA).

**II. SCOPE AND LIMITATIONS**

This Circular shall apply to all income and non-income related transactions of the Agency where Service Invoices and Collection Receipts are required in compliance with the aforementioned revenue regulations.

**III. DEFINITION OF TERMS**

- A. Service Invoice** - official document that details the services and the corresponding charges, including taxes (like Value Added Tax). It acts as a demand for payment and serves as evidence of the transaction.
- B. Collection Receipt** - issued after the payment has been made. It is proof of payment for the amount stated in the invoice and serves as the confirmation that the payment was successfully received.



## IV. GUIDELINES

### A. Issuance of Service Invoices

1. A **Service Invoice** shall be issued at the time the service is rendered, regardless of whether payment is received immediately or deferred.

Required details:

- Sequential invoice number (no gaps)
- Date of transaction
- Description of services rendered
- Amount charged (itemized)
- VAT, if applicable
- Total amount due
- Name and address of the client
- Name, address, and TIN of the service provider

2. Per Section 8.2 of RR No. 7-2024 and RMC No. 77-2024, unused **Official Receipts** may be used as supplementary documents and can be converted into **Service Invoices** until fully consumed.

### B. Issuance of Collection Receipts

1. A Collection Receipt shall be issued only **after** payment is received.

Required details:

- Sequential receipt number (no gaps)
- Date of payment
- Amount received
- Mode of payment (cash, check, bank transfer, etc.)
- Name of payer
- Reference to the corresponding Service Invoice number
- Signature of the authorized receiving officer

2. In cases where payment is made **immediately** upon service delivery, both the **Service Invoice** and **Collection Receipt** shall be issued **simultaneously**.

### C. Scenarios

1. Income-Related Transactions (See Annex A):

- **Immediate Payment:** Issue both Service Invoice and Collection Receipt.
- **Deferred Payment:** Issue Service Invoice at the time of service; issue Collection Receipt only upon payment.

## 2. Non-Income Related Transactions (See Annex B):

- Only Collection Receipt is required (e.g., refunds, reimbursements such as salary refund, TEV, utilities, etc.)

## 3. Regional Collection Representatives:

- Upon collection, the **Deputized Collection Representative** shall issue a Service Invoice.
- Upon remittance to the Irrigation Management Office (IMO)/Regional Office (RO) Cashier, the Cashier shall issue the corresponding Collection Receipt to the **Deputized Collection Representative**.

## D. Key Compliance Requirements

1. **Sequential Numbering:** All Service Invoices and Collection Receipts must be sequentially numbered without gaps for tax audit compliance.
2. **Document Linkage:** Collection Receipts must clearly reference the related Service Invoice to ensure traceability.
3. **Recordkeeping:** All documents shall be properly filed and recorded for inspection by internal auditors and the Bureau of Internal Revenue (BIR).

## E. Accounting Guidelines

The following guidelines shall govern the accounting treatment of Service Invoices and Collection Receipts issued by the National Irrigation Administration (NIA), in accordance with the International Public Sector Accounting Standards (IPSAS), the Revenue Regulations No. 7-2024 as amended, and applicable government accounting rules and regulations:

### 1. Recognition of Revenue (IPSAS 9 – Revenue from Exchange Transactions)

- Revenue shall be recognized when it is probable that future economic benefits or service potential will flow to the Agency and the amount of revenue can be measured reliably.
- The issuance of a Service Invoice indicates that the service has already been delivered. Therefore, revenue must be recognized at the time the invoice is issued, even if payment has not yet been received.
- In such cases, the corresponding amount shall be recorded as Accounts Receivable, representing an amount due to the Agency.
- Sample Journal Entry (Whether payment is received immediately or later.):

On August 4, 2025, NIA rendered irrigation services worth ₱15,000:

Account Name	Account Code	Debit	Credit
Accounts Receivable	1-03-01-010	₱15,000	
Waterwork System Fees	4-02-02-090		₱15,000
<i>To recognize income from irrigation services delivered but not yet paid</i>			

## 2. Recognition of Collections

- Cash collections shall be recognized only when payment is actually received by the Collecting Officer, and must be supported by a valid Collection Receipt.
- All collections must be deposited into the Agency's bank account within the prescribed period. Initially, they shall be recorded under the Cash-Collecting Officer, then transferred to Cash in Bank – LCCA upon deposit.
- If the amount collected pertains to a previously issued invoice, the corresponding receivable must be cleared accordingly.
- Sample Journal Entry (Upon receiving payment):

Farmer pays the ₱15,000 that was previously invoiced:

Account Name	Account Code	Debit	Credit
Cash – Collecting Officer	1-01-01-010	₱15,000	
Accounts Receivable	1-03-01-010		₱15,000
<i>To record the collection of the amount due</i>			

Sample Journal Entry (Upon deposit to bank):

Account Name	Account Code	Debit	Credit
Cash in Bank	1-01-01-020	₱15,000	
Cash – Collecting Officer	1-01-01-010		₱15,000
<i>To record the deposit of the collection into the Agency's- bank account</i>			

## V. REPEALING CLAUSE

All circulars, memoranda, and other issuance or parts thereof which are inconsistent with the provision of this Circulars are hereby repealed/modified.

**VI. EFFECTIVITY**

This Circular shall take effect immediately upon approval.

For your guidance.

**ENGR. EDUARDO EDDIE G. GUILLEN**  
Administrator

Date: 28 NOV 2025