



Republic of the Philippines  
**National Electrification Administration**  
Quezon City

16 October 2008

**MEMORANDUM No. 2008-025**

TO : ALL ELECTRIC COOPERATIVES  
SUBJECT : PRO-FORMA ENTRIES TO TAKE UP THE EXPANDED VALUE ADDED TAX (EVAT)

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**I. Rationale**

Electric Cooperatives (ECs) have different accounting entries in taking up EVAT and subsequent remittances in their Books of Accounts.

**II. Objective**

To be able to arrive at a uniform accounting entries on the recovery of EVAT that is applicable to all Electric Cooperatives (ECs).

**III. PRO-FORMA ENTRIES**

A. To record purchased of power from Genco and Transco		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
412-000-00	Other Power Supply Expenses	xxx			
412-555-00	Purchased Power			xxx	
230-232-00	Accounts Payable		xxx		
230-232-10	Accounts Payable-Genco				xxx
230-232-20	Accounts Payable-TRANSCO				xxx

(Note: no entry on VAT charges, it is reflected on sales)

B. To record Sales for the Month		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
140-142-00	Consumer Accts. Receivable	xxx			
140-142-30	Consumer Accts. Receivable-Generation VAT			xxx	
140-142-40	Consumer Accts. Receivable-Transmission VAT			xxx	
140-142-50	Consumer Accts. Receivable-System Loss Gen VAT			xxx	
140-142-51	Consumer Accts. Receivable-System Loss Trans.VAT			xxx	
140-142-60	Consumer Accts. Receivable-Distribution VAT*			xxx	
230-232-00	Accts. Payable		xxx		
230-232-111	Accts. Payable – Generation VAT				xxx
230-232-112	Accts. Payable – Transmission VAT				xxx
230-232-113A	Accts. Payable – System Loss Gen. VAT				xxx
230-232-113B	Accts. Payable – System Loss Trans. VAT				xxx
230-232-114	Accts. Payable – Distribution VAT (Output VAT)*				xxx

(\*Note: 12% VAT applicable for distribution charge only)

C. To record Collections of Consumer Accounts Receivable from Non-Government Accounts		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
1) 130-133-00	Cash on Hand	xxx			
130-133-10	Cash on Hand – Main/Sub-Offices			xxx	
140-142-00	Consumer Accounts Receivable		xxx		
140-142-30	Consumer Accts. Receivable – Gen. VAT				xxx
140-142-40	Consumer Accts. Receivable – Trans. VAT				xxx
140-142-50	Consumer Accts. Receivable – Sys Loss Gen. VAT				xxx
140-142-51	Consumer Accts. Receivable – Sys Loss Trans VAT				xxx
140-142-60	Consumer Accts. Receivable – Dist VAT				xxx

C. To record Collections of Consumer Accounts Receivable from Government		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
2) 130-133-00	Cash on Hand	xxx			
130-133-10	Cash on Hand-Main Office/Sub-Office			xxx	
170-166-00	Prepayments – BIR	xxx			
170-166-20	Creditable Withholding Tax			xxx	
(5% withheld by government offices)					
140-142-00	Consumer Accounts Receivable		xxx		
140-142-20	Consumer Accts Receivable – Energy Sales				xxx
140-142-30	Consumer Accts Receivable – Generation VAT				xxx
140-142-40	Consumer Accts. Receivable – Transmission VAT				xxx
140-142-50	Consumer Accts. Receivable – Sys Loss Gen. VAT				xxx
140-142-51	Consumer Accts. Receivable – Sys Loss Trans. VAT				xxx
140-142-60	Consumer Accts. Receivable – Distribution VAT				xxx

D. To record remittance of VAT to Genco		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
1) 230-232-00	Accounts Payable	xxx			
230-232-111	Accts Payable – Generation VAT			xxx	
230-232-113A	Accounts Payable – System Loss Gen. VAT*			xxx	
130-131-00	Cash General Fund		xxx		
130-131-10	Cash in Bank – General Fund Current Account				xxx

\*Based on the proportionate share of the transmission component and the generation cost from non-renewal sources.

D. To record remittance of VAT to Transco		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
2) 230-232-00	Accounts Payable	xxx			
230-232-112	Accts Payable – Transmission VAT			xxx	
230-232-113B	Accounts Payable – System Loss Trans VAT*			xxx	
130-131-00	Cash General Fund		xxx		
130-131-10	Cash in Bank – Current Account				xxx

\* Based on the proportionate share of the transmission component and the generation from non-renewal sources.

E. To record Input VAT on Purchases other than Power Cost		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
170-166-00	Prepayments – BIR	xxx			
170-166-10	Prepayments – Input VAT			xxx	
130-131-00	Cash General Fund		xxx		
130-131-10	Cash in Bank – Current Account				xxx

F. To record monthly remittance of VAT to BIR		General Ledger		Subsidiary Ledger	
Code No.	Account Name	Dr	Cr	Dr	Cr
230-232-00	Accounts Payable - BIR	xxx			
230-232-114	Accounts Payable – Distribution VAT (Output VAT)			xxx	
170-166-00	Prepayments - BIR		xxx		
170-166-10	Prepayments – Input VAT**				xxx
170-166-20	Creditable withholding Tax***				xxx
130-131-00	Cash General Fund		xxx		
130-131-10	Cash in Bank-General Fund – Current Account				xxx

\*\* Input VAT on purchases other than the Power Cost

\*\*\* 5% withholding tax from sales to government offices

**RESPONSIBILITY**

The responsibility of implementing this policy rests on the General Manager, Finance Manager and Internal Auditor.

**EFFECTIVITY**

This guidelines shall take effect immediately.

*Edita S. Bueno*  
EDITA S. BUENO  
Administrator

NATIONAL ELECTRIFICATION  
ADMINISTRATION

IN REPLYING PLEASE REFER: HOR013402



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*10/20/08*