

July 31, 2001

REVENUE REGULATIONS NO. 6 - 2001

SUBJECT : Amending Pertinent Provisions of Revenue Regulations Nos. 1-98, 2-98, as Amended, and 7-95, as Amended, and Revenue Memorandum Circular No. 1-98 Relative to the Inclusion of Additional Taxpayers to be Subject to Final Withholding Tax, Revision of the Withholding Tax Rates on Certain Income Payments Subject to Creditable Withholding Tax, Time for the Filing of Various Tax Returns and Payment of the Taxes Due Thereon And Others

TO : All Internal Revenue Officers and Others Concerned

SECTION 1. Scope. – Pursuant to Section 244 of the Tax Code of 1997, in relation to Sections 25(C), 25(D), 25(E), 57, 58, 59, 81, 114(A), 128(A)(3) and 200(B) of the same Code and Presidential Decree (P.D.) No. 1354, these Regulations are hereby promulgated, in order to, among others, revise the rates of withholding tax on certain income payments subject to creditable withholding tax, and provide for the time for the filing of the various tax returns, and the payment of the taxes due thereon.

SECTION 2. Income Payments Subject to Final Withholding Tax. Section 2.57.1 of Revenue Regulations No. 2-98, as amended, is hereby further amended to read as follows:

“Sec. 2.57.1. Income Payments Subject to Final Withholding Tax. –
The following forms of income shall be subject to final withholding tax at the rates herein specified:

(A) Income payments to a citizen or to a resident alien individual

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(7) Gross income derived from contracts by subcontractors from service contractors engaged in 'petroleum operations' as defined under P.D. 87 (also known as the 'Oil Exploration and Development Act') in the Philippines –

Eight percent (8%) of its gross income derived from such contracts in lieu of any and all taxes, national and local, as imposed under P.D. 1354

(B) Income Payment to Non-resident Aliens Engaged in Trade or Business in the Philippines. - The following forms of income derived from sources within the Philippines shall be subject to final withholding tax in the hands of a non-resident alien individual engaged in trade or business within the Philippines, based on the gross amount thereof and at the rates prescribed therefor:

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(4) Gross income from all sources within the Philippines derived by non-resident cinematographic film owners, lessors or distributors - Twenty Five percent (25%)

For purposes of these regulations, the term 'cinematographic film' includes motion picture films, films, tapes, discs and other such similar or related products.

(5) Gross income derived from contracts by subcontractors from service contractors engaged in 'petroleum operations' as defined under P.D. 87 (also known as the 'Oil Exploration and Development Act') in the Philippines – Eight percent (8%) of its gross income derived from such contracts in lieu of any and all taxes, national and local, as imposed under P.D. 1354

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(D) Income Derived by Alien Individuals Employed by Regional or Area Headquarters and Regional Operating Headquarters of Multinational Companies and Those Employed by Offshore Banking Units and Petroleum Service Contractors and Subcontractors. – A final withholding tax equivalent to fifteen percent (15%) shall be withheld by the withholding agent from the gross income received by every alien individual occupying managerial and technical positions in regional or area headquarters and regional operating headquarters established in the Philippines by multinational companies as salaries, wages, annuities, compensation, remuneration, and other emoluments, such as honoraria and allowances, except income which is subject to the fringe benefits tax, from such regional or area headquarters and regional operating headquarters.

The same tax treatment is applicable to Filipinos employed and occupying the same positions as those aliens employed by multinational companies, regardless of whether or not there is an alien executive occupying the same position, provided, that such Filipinos shall have the option to be taxed at either 15% of gross income or at the regular tax rate on their taxable income in accordance with the Tax Code of 1997. In case of the latter, the withholding tax rates under Sections 2.78 and 2.79 of Revenue Regulations No. 2-98 shall apply.

The term “multinational company” means a foreign firm or entity engaged in international trade with affiliates or subsidiaries or branch offices in the Asia Pacific Region and other foreign markets.

(E) Income Derived by Alien Individuals Employed by Offshore Banking Units. – A final withholding tax equivalent to fifteen percent (15%) shall be withheld by the withholding agent from the gross income of alien individuals

occupying managerial and technical positions in offshore banking units established in the Philippines, as salaries, wages, annuities, compensation, remuneration, and other emoluments, such as honoraria and allowances received from such offshore banking units.

The same tax treatment is applicable to Filipinos employed and occupying the same positions as those aliens employed by offshore banking units, regardless of whether or not there is an alien executive occupying the same position.

(F) Income of Aliens Employed by Foreign Petroleum Service Contractors and Subcontractors. – A final withholding tax equivalent to fifteen percent (15%) shall be withheld from the gross income of an alien individual who is a permanent resident of a foreign country but who is employed and assigned in the Philippines by a foreign service contractor or by a foreign service subcontractor who is engaged in petroleum operations in the Phiippines. His gross income includes salaries, wages, annuities, compensation, remuneration, and other emoluments, such as honoraria and allowances received from such contractor or subcontractor.

The same tax treatment is applicable to Filipinos employed and occupying the same positions as those aliens employed by foreign petroleum service contractors and subcontractors, regardless of whether or not there is an alien executive occupying the same position.

(G) Income Payment to a Domestic Corporation. - The following items of income shall be subject to a final withholding tax in the hands of a domestic corporation, based on the gross amount thereof and at the rate of tax prescribed therefor:

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(6) Gross income derived from contracts by subcontractors from service contractors engaged in 'petroleum operations' as defined under P.D. 87 (also known as the 'Oil Exploration and Development Act') in the Philippines – Eight percent (8%) of its gross income derived from such contracts in lieu of any and all taxes, national and local, as imposed under P.D. 1354

(H) Income Payment to a Resident Foreign Corporation. – The following forms of income shall be subject to a final withholding tax in the hands of a resident foreign corporation, based on the gross amount thereof and at the rate of tax prescribed therefor:

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(6) Gross income derived from contracts by subcontractors from service contractors engaged in 'petroleum operations' as defined under P.D. 87 (also known as the 'Oil Exploration and Development Act') in the Philippines – Eight percent (8%) of its gross income derived from such contracts in lieu of any and all taxes, national and local, as imposed under P.D. 1354

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SECTION 3. Revised Rates of Creditable Withholding Tax. - Section 2.57.2 of Revenue Regulations No. 2-98, as amended, is hereby further amended to read as follows:

“Section 2.57.2 - Income payment subject to creditable withholding tax and rates prescribed thereon - Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines:

(A) Professional fees, talent fees, etc. for services rendered by individuals - On the gross professional, promotional and talent fees or any other form of remuneration for the services of the following individuals -

(1) Those individually engaged in the practice of professions or callings; lawyers; certified public accountants; doctors of medicine; architects; civil, electrical, chemical, mechanical, structural, industrial, mining, sanitary, metallurgical and geodetic engineers; marine surveyors; doctors of veterinary science; dentists; professional appraisers; connoisseurs of tobacco; actuaries; and interior decorators – Ten percent (10%)

(2) Professional entertainers, such as, but not limited to, actors and actresses, singers and emcees – Twenty percent (20%)

(3) Professional athletes, including basketball players, pelotaris and jockeys – Twenty percent (20%)

(4) All directors involved in movies, stage, radio, television and musical productions – Twenty percent (20%)

(5) Insurance agents and insurance adjusters – Ten percent (10%)

(6) Management and technical consultants – Ten percent (10%)

(7) Bookkeeping agents and agencies – Ten percent (10%)

(8) Other recipients of talent fees – Twenty percent (20%)

(9) Fees of directors, who are not employees of the company paying such fees, whose duties are confined to attendance at and participation in the meetings of the board of directors – Twenty percent (20%)

The amounts subject to withholding under this paragraph shall include not only fees, but also per diems, allowances and any other form of income payments. In the case of professional entertainers, athletes, and all recipients of talent fees, the amounts subject to withholding tax shall also include amounts paid to them in consideration for the use of their names or pictures in print, broadcast, or other media or for public appearances, for purposes of advertisements or sales promotion;

(B) Professional fees, talent fees, etc. for services of taxable juridical persons- On the gross professional, promotional and talents fees, or any other form of remuneration enumerated in the preceding subparagraph for the services of taxable juridical persons – Ten percent (10%)

(C) Rentals - On the gross rental for the continued use or possession of real property used in business which the payor or obligor has not taken or is not taking title, or in which he has no equity – Five percent (5%)

(D) Cinematographic film rentals and other payments - On gross payments to resident individuals and corporate cinematographic film owners, lessors or distributors – Five percent (5%)

(E) Income payments to certain contractors - On gross payments to the following contractors, whether individual or corporate – Two percent (2%)

(1) *General engineering contractors* - Those whose principal contracting business in connection with fixed works requiring specialized engineering knowledge and skill, including the following divisions or subjects:

- (a) *Reclamation works;*
- (b) *Railroads;*
- (c) *Highways, streets and roads;*
- (d) *Tunnels;*
- (e) *Airports and airways;*
- (f) *Waste reduction plants;*
- (g) *Bridges, overpasses, underpasses and other similar works;*
- (h) *Pipelines and other systems for the transmission of petroleum and other liquid or gaseous substances;*
- (i) *Land leveling;*
- (j) *Excavating;*
- (k) *Trenching;*
- (l) *Paving; and*
- (m) *Surfacing work.*

(2) *General building contractors* - Those whose principal contracting business is in connection with any structure built, for the support, shelter and enclosure of persons, animals, chattels, or movable property of any kind, requiring in its construction the use of more than two unrelated building trades or crafts, or to do or superintend the whole or any part thereto. Such structure includes sewers and sewerage disposal plants and systems, parks, playgrounds, and other recreational works, refineries, chemical plants and similar industrial plants requiring specialized engineering knowledge and skills, powerhouse, power plants and other utility plants and installation, mines and metallurgical plants, cement and concrete works in connection with the above-mentioned fixed works.

(3) *Specialty Contractors - Those whose operations pertain to the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades or crafts.*

(4) *Other contractors -*

- (a) *Filling, demolition and salvage work contractors and operators of mine drilling apparatus;*
- (b) *Operators of dockyards;*
- (c) *Persons engaged in the installation of water system, and gas or electric light, heat or power;*
- (d) *Operators of stevedoring, warehousing or forwarding establishments;*
- (e) *Transportation contractors which include common carriers for the carriage of goods and merchandise of whatever kind by land, air or water, where the gross payments by the payor to the same payee amounts to at least two thousand pesos (P2,000) per month, regardless of the number of shipments during the month;*
- (f) *Printers, bookbinders, lithographers and publishers except those principally engaged in the publication or printing of any newspaper, magazine, review or bulletin which appears at regular intervals, with fixed prices for subscription and sale;*
- (g) *Messengerial, janitorial, private detective and/or security agencies, credit and/or collection agencies and other business agencies;*
- (h) *Advertising agencies, exclusive of gross payments to media;*
- (i) *Independent producers of television, radio and stage performances or shows;*
- (j) *Independent producers of "jingles";*
- (k) *Labor recruiting agencies;*
- (l) *Persons engaged in the installation of elevators, central air conditioning units, computer machines and other equipment and machineries and the maintenance services thereon;*
- (m) *Persons engaged in the sale of computer services;*
- (n) *Persons engaged in landscaping services;*
- (o) *Persons engaged in the collection and disposal of garbage;*
- (p) *TV and radio station operators on sale of TV and radio airtime; and*
- (q) *TV and radio blocktimers on sale of TV and radio commercial spots.*

(F) Income distribution to the beneficiaries - *On income distributed to the beneficiaries of estates and trust as determined under Sec. 60 of the Code,*

except such income subject to final withholding tax and tax exempt income – Fifteen percent (15%)

(G) Income payments to certain brokers and agents - On gross commissions of customs, insurance, real estate and commercial brokers and fees of agents of professional entertainers – Ten percent (10%)

(H) Income payments to partners of general professional partnerships - Income payments made periodically or at the end of the taxable year by a general professional partnership to the partners, such as drawings, advances, sharings, allowances, stipends, etc. – Ten percent (10%)

(I) Professional fees paid to medical practitioners - Any amount collected for and paid to medical practitioners (includes doctors of medicine, doctors of veterinary science and dentists) by hospitals and clinics or paid directly to the medical practitioners by patients who were admitted and confined to such hospitals or clinics – Ten percent (10%)

- a) *It shall be the duty and responsibility of the hospital or clinic to remit taxes withheld from the following:*
 1. *Professional fees paid directly to hospitals or clinics by patients.*
 2. *Professional fees paid by patients directly to medical practitioners where the 10% expanded withholding tax shall in turn be given by medical practitioners directly to the Accounting Office of the hospitals or clinics.*
- b) *Exception – The withholding tax herein prescribed shall not apply whenever no professional fee has been charged by the medical practitioner and paid by his patient.*
- c) *Hospitals and clinics shall submit the names and addresses of medical practitioners in the following classifications, every 15th day after the end of each calendar quarter, to the Collection Division of the Revenue Region where such hospital or clinic is located, using “Annex A” [i.e., as indicated in Revenue Regulations No. 3-99]:*
 - (i) *Medical practitioners whose professional fee was paid by patients directly to the hospital or clinic.*
 - (ii) *Medical practitioners whose professional fee was paid to them directly by the patients and the 10% withholding tax was given by such practitioners to the Accounting Office of the hospital or clinic.*
 - (iii) *Medical practitioners whose professional fee was paid to them directly by the patients but the 10% withholding tax was not given by such practitioners to the Accounting Office of the hospital or clinic.*
 - (iv) *Medical practitioners who did not charge any professional fee from their patients.*

- d) *The rules herein prescribed shall likewise apply to rendering of medical services by medical practitioners through a duly registered professional partnership for the practice of the medical profession.*
- e) *Hospitals or clinics shall be responsible for the accurate computation of professional fees paid directly to hospitals and clinics and timely remittances of the 10% expanded withholding taxes.*

Likewise, the hospitals or clinics shall issue a Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) to medical practitioners who were subjected to withholding, every 20th day following the close of the taxable quarter. The names of medical practitioners shall be included in the Alphabetical List of Income Recipients attached to the Annual Information Return (BIR Form No. 1604).

(J) Gross selling price or total amount of consideration or its equivalent paid to the seller/owner for the sale, exchange or transfer of real property classified as ordinary asset – *A creditable withholding tax based on the gross selling price/total amount of consideration or the fair market value determined in accordance with Section 6(E) of the Code, whichever is higher, paid to the seller/owner for the sale, transfer or exchange of real property, other than capital asset, shall be imposed upon the withholding agent,/buyer, in accordance with the following schedule:*

- A. *Where the seller/transferor is exempt from creditable withholding tax in accordance with Sec 2.57.5 of these regulations* *Exempt*
- B. *Upon the following values of real property, where the seller/transferor is habitually engaged in the real estate business:*
 - With a selling price of Five Hundred Thousand Pesos (P500,000.00) or less* *1.5%*
 - With a selling price of more than Five Hundred Thousand Pesos (P500,000.00) but not more than Two Million Pesos (P2,000,000.00)* *3.0%*
 - With a selling price of more than Two Million Pesos (P2,000,000.00)* *5.0%*
- C. *Where the seller/transferor is not habitually engaged in the real estate business* *6.0%*

Registration with the HLURB or HUDCC shall be sufficient for a seller/transferor to be considered as habitually engaged in the real estate business. If the seller/transferor is not registered with HLURB or HUDCC, he/it may prove that he/it is engaged in the real estate business by offering other satisfactory evidence (for example, he/it consummated during the preceding year at least six taxable real estate transactions, regardless of amount). Notwithstanding the foregoing, for purposes of these Regulations, banks shall not be considered as habitually engaged in the real estate business.

Gross selling price shall mean the consideration stated in the sales document or the fair market value determined in accordance with Section 6 (E) of

the Code, whichever is higher. In an exchange, the fair market value of the property received in exchange shall be considered as the consideration.

If the buyer is an individual not engaged in trade or business, the following rules shall apply:

(i) If the sale is a sale of property on the installment plan (that is, payments in the year of sale do not exceed 25% of the selling price), no withholding of tax is required to be made on the periodic installment payments. In such a case, the applicable rate of tax based on the gross selling price or fair market value of the property, whichever is higher, shall be withheld on the last installment or installments to be paid to the seller until the tax is fully paid.

(ii) If, on the other hand, the sale is on a “cash basis” or is a “deferred-payment sale not on the installment plan” (that is, payments in the year of sale exceed 25% of the selling price), the buyer shall withhold the tax based on the gross selling price or fair market value of the property, whichever is higher, on the first installment.

However, if the buyer is engaged in trade or business, whether a corporation or otherwise, these rules shall apply:

(i) If the sale is a sale of property on the installment plan (that is, payments in the year of sale do not exceed 25% of the selling price), the tax shall be deducted and withheld by the buyer on every installment.

(ii) If, on the other hand, the sale is on a “cash basis” or is a “deferred-payment sale not on the installment plan” (that is, payments in the year of sale exceed 25% of the selling price), the buyer shall withhold the tax based on the gross selling price or fair market value of the property, whichever is higher, on the first installment.

In any case, no Certificate Authorizing Registration (CAR) shall be issued to the buyer unless the creditable withholding tax due on the sale, transfer or exchange of real property other than capital asset has been fully paid.

(K) Additional income payments to government personnel from importers, shipping and airline companies, or their agents - On gross additional payments by importers, shipping and airline companies, or their agents to government personnel for overtime services as authorized by law – Fifteen percent (15%)

For this purpose, the importers, shipping and airline companies or their agents, shall be the withholding agents of the Government.

(L) Certain income payments made by credit card companies - On one-half (1/2) of the gross amounts paid by any credit card company in the Philippines to any business entity, whether natural or juridical person, representing the sales of goods/services made by the aforesaid business entity to cardholders – One percent (1%)

(M) Income payments made by the top five thousand (5,000) corporations. - Income payments made by any of the top five thousand (5,000) corporations, as determined by the Commissioner, to their local supplier of goods – One percent (1%)

(b) With respect, however, to taxpayers, whether large or non-large, who availed of the electronic filing and payment (EFPS), the deadline for electronically filing the applicable withholding tax returns and paying the taxes due thereon via the EFPS shall be five (5) days later than the deadlines set above.

“Sec. 2.81. FILING OF RETURN AND PAYMENT OF INCOME TAX WITHHELD ON COMPENSATION (FORM NO. 1601). - Every person required to deduct and withhold the tax on compensation, including large taxpayers as determined by the Commissioner, shall make a return and pay such tax on or before the 10th day of the month following the month in which withholding was made to any authorized agent bank within the Revenue District Office (RDO) or in places where there are no agent banks, to the Revenue District Officer of the City or Municipality where the withholding agent/employer’s legal residence or place of business or office is located; provided, however, that taxes withheld from the last compensation (December) for the calendar year shall be paid not later than January 15 of the succeeding year; Provided, however, that with respect to taxpayers, whether large or non-large, who availed of the EFPS, the deadline for electronically filing the aforesaid withholding tax return and paying the tax due thereon via the EFPS shall be five (5) days later than the deadlines set above.

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(2) Section 4.110-1(A), (B) and (C) of Revenue Regulations No. 7-95, as amended, is further amended to read as follows:

“SEC. 4.110-1. Filing of return and payment of VAT. –

A) Filing of Return. – Every person liable to pay VAT shall file a quarterly return of the amount of his gross sales or receipts within twenty five (25) days following the close of the calendar quarter.

B) Payment of VAT. – All persons liable to VAT shall pay the tax monthly based on the taxable sales/receipts for the month, using the monthly VAT declaration form within ten (10) days after the end of each month; provided, however, that with respect to taxpayers who availed of the electronic filing and payment system (EFPS), the deadline for electronically filing the monthly VAT declaration and paying the tax due thereon via the EFPS shall be five (5) days later than the deadline set above. The declaration shall be accomplished only for the first two (2) months of each calendar quarter.

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C) Short Period Return. – Any person who retires from business or whose registration has been cancelled shall file a quarterly return and pay the tax due thereon within twenty five (25) days from the cessation of business operations or from the date of cancellation of registration, as the case may be.

All persons first registered under Section 4.107-1(b)(3) and 4.107-1(c) of these Regulations shall be liable to VAT on the effective date of registration stated in their Certificates of Registration; i.e., the first day of the month following their registration. If the effective date of registration falls on the first or second month of a calendar quarter, the initial VAT monthly declaration shall be filed within ten (10) days after the end of the month, and the initial quarterly return shall be filed on or before the 25th day after the end of the calendar quarter. On

the other hand, if the effective date of registration falls on the third month of the calendar quarter, the quarterly return shall be filed on or before the 25th day of the month following the end of the calendar quarter, and no VAT monthly declaration need be filed.”

(3) Section 4(3.3) of Revenue Regulations No. 1-98 is hereby amended to read as follows:

“Section 4. Filing of Returns and Payment of Taxes. –

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3. When to File and Pay

3.3 Value-Added Tax (VAT)

Monthly VAT declarations of Large Taxpayers shall be filed, and taxes paid, not later than the 10th day following the end of each month; provided, however, that with respect to Large Taxpayers who availed of the electronic filing and payment system (EFPS), the deadline for electronically filing the monthly VAT declaration and paying the tax due thereon via the EFPS shall be five (5) days later than the deadline set above. The quarterly VAT returns of Large Taxpayers shall be filed, and the taxes paid, not later than the 25th day following the end of each quarter.”

SECTION 5. Time for Filing of Documentary Stamp Tax Returns and the Payment of Taxes Due Thereon. - The time for filing of the documentary stamp tax returns and the payment of the taxes due thereon shall be revised in accordance with the appropriate amendments to existing regulations, as presented below.

(1) Paragraph 19 of Revenue Memorandum Circular No. 1-98 is hereby amended to read as follows:

“(19) The documentary stamp tax return shall be filed within five (5) days after the close of the month when the taxable document was made, signed, accepted, or transferred, and the tax thereon shall be paid at the same time the aforesaid return is filed.”

(2) For large taxpayers, Section 4(3.6) of Revenue Regulations No. 1-98 is hereby amended to read as follows:

“Section 4. Filing of Returns and Payment of Taxes. –

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3. When to File and Pay

3.6 Documentary Stamp Taxes

Large taxpayers shall pay their documentary stamp taxes within five (5) days after the close of the month when the taxable document was made, signed, issued, accepted or transferred by the filing of the documentary stamp tax returns, through purchase or actual affixture or by imprinting the documentary stamps through a documentary stamp tax metering machine.

SECTION 6. Time for Filing of Percentage Tax Returns and the Payment of Taxes Due Thereon. – The time for filing of the percentage tax returns and the payment of the taxes due thereon shall be revised in accordance with the rules and appropriate amendments to existing regulations, as presented below.

a. For non-large taxpayers, percentage tax returns shall be filed within ten (10) days after the end of each month and the tax thereon shall be paid at the same time the aforesaid return is filed, provided, however, that with respect to non-large taxpayers who availed of the electronic filing and payment system (EFPS), the deadline for electronically filing the percentage tax return and paying the tax due thereon via the EFPS shall be five (5) days later than the deadline set above, provided, further, that for percentage tax returns required to be filed under Sections 120, 126 and 127 of the Tax Code of 1997, they shall be filed within the periods stated in those sections.

b. For large taxpayers, Section 4(3.4) of Revenue Regulations No. 1-98 is hereby amended to read as follows:

“Section 4. Filing of Returns and Payment of Taxes. –

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3. When to File and Pay

3.4 Other Percentage Taxes

Large taxpayers who are presently preparing separate percentage tax returns shall file a consolidated return, and pay the aggregate taxes due, within ten (10) days after the end of each month, provided, however, that with respect to Large Taxpayers who availed of the EFPS, the deadline for electronically filing the percentage tax returns and paying the taxes due thereon shall be five (5) days later than the deadline set above, provided, further, that for percentage tax returns required to be filed under Sections 120, 126 and 127 of the Tax Code of 1997, they shall be filed within the periods stated in those sections. The Head Office shall prepare a schedule (Annex C) of all percentage tax returns of the branches/units with the following information:

- a. *Period covered;*
- b. *Head office and branch/unit names and addresses; and*
- c. *Kind and amount of percentage tax payable.”*

SECTION 7. Repealing Clause. - The provisions of any revenue regulations, revenue memorandum order, revenue memorandum circular or any other issuance of the Bureau of Internal Revenue inconsistent with these Regulations are hereby repealed, amended, or modified accordingly.

SECTION 8. Effectivity Clause. – These Regulations shall take effect with respect to income payments that are paid or payable in September 2001 and which are required to be remitted to the Bureau of Internal Revenue within the month of October 2001.

(Original Signed)
JOSE ISIDRO N. CAMACHO
Secretary of Finance

Recommending Approval:

(Original Signed)
RENÉ G. BAÑEZ
Commissioner of Internal Revenue

Annex “A”

Changes in the Creditable Withholding Tax Rates

Income Subject to CWT	From	To
A. Professional fees, talent fees, etc. for services rendered by individuals		
1. Professional entertainers, such as, but not limited to, actors and actresses, singers and emcees	10%	20%
2. Professional athletes, including basketball players, pelotaris and jockeys	10%	20%
3. All directors involved in movies, stage, radio, television and musical productions	10%	20%
4. Other recipients of talent fees	10%	20%
5. Fees of directors, who are not employees of the company paying such fees, whose duties are confined to attendance at and participation in the meetings of the board of directors	10%	20%
B. Professional fees, talent fees, etc. for services of taxable juridical persons	5%	10%
C. Income payments to certain contractors: 1. General engineering contractors 2. General building contractors 3. Specialty contractors 4. Other contractors	1%	2%
D. Income payments to customs, insurance, real estate and commercial brokers and agents of professional entertainers	5%	10%
E. Gross selling price or fair market value paid to the seller/owner for the sale, exchange or transfer of real property classified as ordinary asset, where the seller is not habitually engaged in the real estate business	7.5%	6%
F. Certain income payments made by credit card companies	1/2% on the gross amounts paid	1% on one-half of the gross amounts paid

Annex “B”

Taxes Affected By The Acceleration of Filing of Returns and Payment of Taxes Due Thereon

Tax	From	To (Manual)	To (EFPS)
<p>1. Creditable and final withholding tax (excluding final withholding tax on interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements):</p> <p>a. Non-Large Taxpayer</p> <p>b. Large Taxpayer</p>	<p>Within 10 days after the end of each month</p> <p>Within 25 days after the end of each month</p>	<p>Within 10 days after the end of each month</p> <p>Within 10 days after the end of each month</p>	<p>Within 15 days after the end of each month</p> <p>Within 15 days after the end of each month</p>
<p>2. Final withholding tax on interest from any currency bank deposit and yield or any other monetary benefit from deposit substitutes and from trust funds and similar arrangements:</p> <p>a. Non-Large Taxpayer</p> <p>b. Large Taxpayer</p>	<p>Within 25 days from the close of each calendar quarter</p> <p>Within 25 days from the close of each calendar quarter</p>	<p>Within 10 days after the end of each month</p> <p>Within 10 days after the end of each month</p>	<p>Within 15 days after the end of each month</p> <p>Within 15 days after the end of each month</p>
<p>3. Creditable and final withholding tax withheld for December:</p> <p>a. Non-Large Taxpayer</p> <p>b. Large Taxpayer</p>	<p>On or before January 25 of the following year</p> <p>On or before January 25 of the following year</p>	<p>On or before January 15 of the following year</p> <p>On or before January 15 of the following year</p>	<p>On or before January 20 of the following year</p> <p>On or before January 20 of the following year</p>
<p>4. Withholding tax on compensation (excluding the month of December):</p> <p>a. Non-Large Taxpayer</p>	<p>On or before the 10th day of the month following the month in which withholding was made</p>	<p>On or before the 10th day of the month following the month in which withholding was made</p>	<p>On or before the 15th day of the month following the month in which withholding was made</p>

b. Large Taxpayer	On or before the 25 th day of the following month	On or before the 10 th day of the month following the month in which withholding was made	On or before the 15 th day of the month following the month in which withholding was made
5. Withholding tax on compensation for the month of December: a. Non-Large Taxpayer b. Large Taxpayer	Not later than January 25 of the following year On or before the 25 th day of the following month	Not later than January 15 of the following year Not later than January 15 of the following year	Not later than January 20 of the following year Not later than January 20 of the following year
6. Value-added tax – monthly VAT declaration: a. Non-Large Taxpayer b. Large Taxpayer	Within 25 days after the end of each month Not later than the 25 th day following the end of each month	Within 10 days after the end of each month Not later than the 10 th day following the end of each month	Within 15 days after the end of each month Not later than the 15 th day following the end of each month
7. Documentary stamp tax: a. Non-Large Taxpayer b. Large Taxpayer	Within 10 days after the close of the month when the taxable document was made, signed, accepted, or transferred Within 10 days after the close of the month when the taxable document was made, signed, accepted, or transferred	Within 5 days after the close of the month when the taxable document was made, signed, accepted, or transferred Within 5 days after the close of the month when the taxable document was made, signed, accepted, or transferred	
8. Percentage tax a. Non-Large Taxpayer b. Large Taxpayer	Within 25 days after the end of each taxable quarter Within 25 days after the end of each taxable quarter	Within 10 days after the end of each month, except those under Sections 120, 126 and 127 of the Tax Code of 1997 Within 10 days after the end of each month, except those under Sections 120, 126 and 127 of the Tax Code of 1997	Within 15 days after the end of each month, except those under Sections 120, 126 and 127 of the Tax Code of 1997 Within 15 days after the end of each month, except those under Sections 120, 126 and 127 of the Tax Code of 1997

Notes:

1. Section 120 – Overseas communication tax
2. Section 126 – Tax on winnings
3. Section 127 - Stock transaction tax and IPO tax