

REPUBLIC OF THE PHILIPPINES }
CONGRESS OF THE PHILIPPINES }
 First Regular Session

H. No. 5260
S. No. 1141

REPUBLIC ACT NO. 7649

AN ACT REQUIRING THE GOVERNMENT OR ANY OF ITS POLITICAL SUBDIVISIONS, INSTRUMENTALITIES OR AGENCIES INCLUDING GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS (GOCCS) TO DEDUCT AND WITHHOLD THE VALUE-ADDED TAX DUE AT THE RATE OF THREE PERCENT (3%) ON GROSS PAYMENT FOR THE PURCHASE OF GOODS AND SIX PERCENT (6%) ON GROSS RECEIPTS FOR SERVICES RENDERED BY CONTRACTORS

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 110 of the National Internal Revenue Code, as amended by Republic Act No. 7643, is hereby further amended by adding a new paragraph (c) thereunder to read as follows:

"(c) *Withholding of Creditable Value-Added Tax.* - The Government or any of its political subdivisions, instrumentalities or agencies, including government-owned or controlled corporations (GOCCs) shall, before making payment on account of its purchase of goods from sellers and services rendered by contractors which are subject to the value-added tax imposed in Sections 100 and 102 of this Code, deduct and withhold the value-added tax due at the rate of three percent (3%) of the gross payment for the purchase of goods and six percent (6%) on gross receipts for services rendered by contractors on every release or installment payment which shall be creditable against the value-added tax liability of the seller or contractor.

"The value-added tax withheld under this section shall be remitted within ten (10) days following the end of the month the withholding was made."

SEC. 2. The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act.

SEC. 3. All laws, decrees, orders, rules and regulations, and other issuances inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 4. This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved, April 6, 1993.