



# UPDATES ON WITHHOLDING TAX FOR GOVERNMENT AGENCIES AND INSTRUMENTALITIES



# Withholding Tax

- **The Withholding Tax System**
- *The withholding of tax is a system used to collect tax in advance. Withholding tax is not an internal revenue tax. The system is used to equal or at least approximate or collect in full the tax due from the payee on certain income payments. The taxes deducted and withheld by the withholding agent shall be held as a special trust fund in trust for the government until paid or remitted by the withholding agent to collection officers/banks [Section 58(A), Tax Code].*



# Importance of Withholding Tax System

It is considered as an effective tool in the collection of taxes for the following reasons:

1. It encourages voluntary compliance;
2. It reduces cost of collection effort;
3. It prevents delinquencies and revenue loss; and
4. It prevents dry spells in the fiscal condition of the government by providing revenues throughout the taxable year.



# Withholding Agent

Withholding Agent - is any person or entity who is in control of the payment subject to withholding tax and therefore is required to deduct and remit the taxes withheld to the government. A Withholding agent can be an individual, a corporation, a financial institution or a government agency.



# DUTIES & OBLIGATIONS OF A WITHHOLDING AGENT

- To register
- To deduct and withhold
- To remit the tax withheld
- To file annual information returns
- To issue withholding tax certificates



# PERSONS REQUIRED TO WITHHOLD

Individuals engaged in business or practice of professions

Non-individuals (corporations, associations, partnership, cooperatives), whether engaged in business or not

Government agencies and instrumentalities [e.g., National Government Agencies (NGAs), Government-Owned or Controlled Corporations (GOCCs), Local Government Units (LGUs), etc. **DESIGNATION OF GOVERNMENT OFFICIALS AS WITHHOLDING AGENT:** The heads of office, treasurers and accountants: (RRs 1-87, 6-96, 10-97, RMOs 14-98, 70-98, 8-2003) ]



# DESIGNATION OF GOVERNMENT OFFICIALS AS WITHHOLDING AGENTS

**RR No. 1-87** Implements Executive Order No. 651 Requiring Government Offices, Agencies and Instrumentalities to Comply Strictly with the Laws and Regulations on Withholding of Taxes, Designating the Appropriate Withholding Agents for such purpose, and Fixing Officials Responsibility Therefore.



# DESIGNATION OF GOVERNMENT OFFICIALS AS WITHHOLDING AGENTS

**RR No. 6-96** - Amends Section 2, Paragraph "C" of Revenue Regulations No. 1-87

**RR No. 10-97** - Amends Section 2, Paragraph "A" of Revenue Regulations No. 1-87





# DESIGNATION OF GOVERNMENT OFFICIALS AS WITHHOLDING AGENTS

**RMO No. 14-98** – Prescribes the policies and guidelines to implement Revenue Regulations No. 10-97

**RMO No. 70-98** - Amends RMO No. 14-98

**RMO No. 8-2023** - Reiterate Item II(1) of Revenue Memorandum Order No. 14-98 and amend Revenue Memorandum Order No. 70-98



# EXPANDED WITHHOLDING TAX

The *Withholding* of Creditable Tax at Source or simply called **Expanded Withholding Tax** is a tax imposed and prescribed on the items of income payable to natural or juridical persons, residing in the Philippines, by a payor-corporation/person which shall be credited against the income tax liability of the taxpayer for the taxable year.



# EXPANDED WITHHOLDING TAX

Again, under the **expanded withholding tax** system, taxes withheld on certain income payments are intended to equal or at least approximate the tax due of the payee on said income. The income recipient is still required to file income tax returns, report or declare the income and pay the difference between the tax withheld and the tax due , as the case may be, on said income.



# EXPANDED WITHHOLDING TAX

- **STATUTORY BASES** - Sec. 57-59, R.A. 8424 as implemented by RR Nos. 2-98, 6-2001, 12-2001, 4-2002, 14-2002, 17-2003, 30-2003, 1-2004, 3-2004, 8-2005, 7-2008, 14-2008, 2-2009; 6-2009; 8-2009; 10-2009, 11-2018
- **RATES** - 1% to 15%



# EXPANDED WITHHOLDING TAX

- ***NATURE OF TAX WITHHELD*** - Creditable against the quarterly or annual income tax due.
- ***TAX BASE*** – Gross amount paid excluding VAT for VAT taxpayers.



## Persons Required to Withhold

- Purchase of goods/services
- by the agents/employees or any person purchasing goods/services
  - Official Receipt shall be in the name of person they represent
  - Certificate of Taxes Withheld (BIR Form No. 2307) shall be issued
- Income payments which are subjected to withholding tax
- by the person having control over the payment, who at the same time, claims expenses (RR 12-2001)
- RMC No. 46-2008



# Time of Withholding

**Revenue Memorandum Circular No. 47-2023** was issued reiterating the proper time of remittance of withholding taxes by **National Government Agencies (NGAs) and instrumentalities, Local Government Units (LGUs) and Government Owned and Controlled Corporations (GOCCs)** which continue the practice of deduction and subsequently remittance of corresponding withholding taxes due from expenditures when it was actually paid, despite such expenditures were earlier recognized as accruals and recorded in their books of accounts.



## Time of Withholding

The timing when to withhold taxes is prescribed under Section 2.57.4 of Revenue Regulations (RR) No. 2-98 as amended by RR No. 4-2024, wherein the obligation of the payor to deduct and withhold arises at the time an income payment, whichever comes first:

- **has become payable**

- The term “payable” refers to the date the obligation becomes due, demandable or legally enforceable.





## Time of Withholding

□ accrued or recorded as an expense or asset whichever is applicable, in the payor's books

- Expenses or assets can be accrued or recorded in a payor's book even before these become due, demandable or legally enforceable.

Provided, however, that where income is not yet paid or payable but has been recorded as an expense or asset, whichever is applicable, in the payor's books, the obligation to withhold shall arise in the last month of the return period in which the same is claimed as an expense or amortized for tax purposes.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

- A. Professional/Talent Fees for services rendered by individuals -**
- 5%** if the gross income for the current year did not exceed P3M and **10%** if otherwise or VAT registered regardless of amount
    1. Those individuals engaged in the practice of profession or callings such as lawyers, CPAs, engineers, medical practitioners etc..
    2. Professional entertainers such as but not limited to actors, actresses, singers, lyricist, composers and emcees
    3. Professional athletes (Basketball players, boxers, pelotaris, jockeys etc.)



## ***INCOME PAYMENTS SUBJECT TO EWT:***

4. All directors and producers involved in movies, stage, radio, TV and musical productions.
5. Insurance agents and insurance adjusters
6. Management and technical consultants
7. Bookkeeping agents and agencies
8. Other recipient of talent fees
9. Fees of directors who are not employees of the company paying such fees, whose duties are confined to attendance and participation in the meeting of the board of directors.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

***10. Income Payments to certain brokers and agents*** – on gross commissions of customs, insurance, stock, immigration and commercial brokers, fees of agents of professional entertainers and real estate service practitioners (RESPs), (i.e. real estate consultants, real estate appraisers and real estate brokers) who failed or did not take up the licensure examination given by and not registered with the Real Estate Service under the Professional Regulations Commission.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

***11. Commissions of independent and/or exclusive sales representatives, and marketing agents of companies*** – on gross commissions, rebates, discounts and other similar considerations paid/granted to independent and/or exclusive sales representatives and marketing agents and sub-agents of companies, including multi-level marketing companies, on their sale of goods and services by way of direct selling or similar arrangements where there is no transfer of title over the goods from the seller to the agent/sales representative.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

NOTE: In order to determine the rate of EWT to be used, individual payees are required to submit “Annex B1/B2” together with a copy of COR (BIR Form 2303) to the ***withholding agent/payor*** not later than ***January 15*** of each year or at least prior to the initial payment of income. Moreover, income payors/withholding agents shall execute a sworn declaration “Annex C” and submit it to BIR on or before ***January 31***.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**Professional/Talent Fees Paid to Taxable Juridical Persons – (as enumerated)**

- **10%** - if the current years gross income is 720K and below
- **15%** - if the current years gross income exceeds 720K

**NOTE:** In order to determine the rate of EWT to be used, payees are required to submit “Annex B3” together with a copy of COR (BIR Form 2303) to the ***withholding agent/payor*** not later than ***January 15*** of each year or at least prior to the initial payment of income. Moreover, income payors/withholding agents shall execute a sworn declaration “Annex C” and submit it to BIR on or before ***January 31***.



# ***INCOME PAYMENTS SUBJECT TO EWT:***

## **B. Rentals of:**

1. Rentals of Real Properties – on gross rental for the continued use or possession of real property used in business **-5%**
2. Rentals of Personal Properties – on gross rental or lease exceeding P10,000.00 annually for the continued use or possession of personal property used in business **-5%**





## SAMPLE COMPUTATION

**QUESTION:** On rentals of personal property, what will be the basis of the 5% EWT considering the following payments for taxable year 2020 and on what month will the payor withhold the tax?

June	P 3,000.00
July	3,000.00
August	3,000.00
September	5,000.00

*The basis of the 5% EWT shall be the total amount of P14,000.00 to be deducted from the September payment since it is the period when it exceeded the threshold of P10,000.00/a*

**Thus, EWT shall be  $P14,000.00 \times 5\% = P700.00$**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

3. Poles, satellites and transmission facilities-On gross rental or lease such as but not limited to the ff: switchboards, land lines/aerial cables, underground cables and submarine cable. - **5%**
4. Billboards – On gross rental or lease of spaces used in advertisements in the form of billboards and/or structure similar thereto, posted in public places such as but not limited to buildings, vehicle, malls, amusement places, street post, etc.. – **5%**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

5. Cinematographic films rentals and other payments – on gross payments to resident individuals and corporate cinematographic film owners, lessors or distributors.

**- 5%**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**C) 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 such as; Reclamation works, Railroads, Highways, Streets Tunnels, Airport and Airways, Bridges, Overpasses, Underpasses.



# ***INCOME PAYMENTS TO CERTAIN CONTRACTORS:***

- 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.



# ***INCOME PAYMENTS TO CERTAIN CONTRACTORS:***

3. **Specialty contractor** – Those whose operations pertain to the performance of construction works requiring special skill and whose principal contracting business involves the used of specialized building trades or crafts.
4. **Other contractors -**
  - a. filling, demolition and salvage work contractors and operators of mine drilling apparatus.



# ***INCOME PAYMENTS TO OTHER CONTRACTORS:***

- b. Operators of dockyards;
- c. Persons engaged in the installations 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 (₱2,000) per month, regardless of the number of shipments during the month;



## ***INCOME PAYMENTS TO OTHER CONTRACTORS:***

- f. 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 and/or "labor-only" contractors;





# ***INCOME PAYMENTS TO OTHER CONTRACTORS:***

- 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, computer programmers, software/program developer/designer, internet service providers, web page designing, computer data processing, conversion or base services and other computer related activities;
- n. Persons engaged in landscaping services;
- o. Persons engaged in the collection and disposal of garbage;



## ***INCOME PAYMENTS TO OTHER CONTRACTORS:***

- 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.

**D) 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%)**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**E) 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. — **Fifteen percent (15%)**, if the gross income for the current year exceeds P720,000; and **Ten percent (10%)**, if otherwise.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**F) 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:**



# Transfer of real property...

- A. Where the seller/transferor is exempt from the 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   | <b>1.5%</b> |
| 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) | <b>3.0%</b> |
| With selling price of more than two million pesos (P2,000,000.00)   | <b>5.0%</b> |
- C. Where the seller/transferor is not habitually engaged in the real estate business **6.0%**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**G) 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.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**H) 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 a natural or juridical person, representing the sales of goods/services made by the aforesaid business entity to cardholders — **One percent (1%)****



## ***INCOME PAYMENTS SUBJECT TO EWT:***

- I) Income payment made by top withholding agents, either private corporations or individuals, to their local/resident supplier of goods and local/resident supplier of services other than those covered by other rates of withholding tax– Income payments made by any of the top withholding agents, as determined by the Commissioner, to their local/resident supplier of goods/services, including non-resident aliens engaged in trade or business in the Philippines, shall be subjected to the following withholding tax rates:**

**Supplier of goods – One percent (1%)**

**Supplier of services – Two percent (2%)**





## ***INCOME PAYMENTS SUBJECT TO EWT:***

**J) Income Payments made by a government office, national or local, including barangays, or their attached agencies or bodies, and government-owned or controlled corporations to its local/resident supplier of goods/services, other than those covered by other rates of withholding tax. – Income payments, except any single purchase which is P10,000 and below, which are made by a government office, national or local, including barangays, or their attached agencies or bodies, and government-owned or controlled corporations, on their purchases of goods and purchases of services from local/resident suppliers:**

**Supplier of goods – One percent (1%)**

**Supplier of services – Two percent (2%)**



## Illustrative example for agricultural products

**Question : How do we compute the 1% EWT on purchases of corn, an agricultural product, made by Local Government of Quezon from Mr. Alfonso, supplier/planter and a regular supplier of the said LGU , based on following information:**

**No. of**

<u>Transactions</u>	<u>Year</u>	<u>Purchase Amount</u>
Seven	2019	P 100,000.00
Ten	2020	310,000.00
Two	2021	130,000.00



# **ANSWER:**

- 1. In 2019, the transaction is exempt from the 1% EWT since the amount is less than P300,000.00.**
- 2. In 2020, the EWT due is P100.00 since only the excess of P10,000.00 shall be subject to the 1% EWT.**
- 3. In 2021, the transaction is exempt from the 1% EWT since the amount is below the threshold of P300,000.00**



# RMC 72-2004

- Q21. Is the payment by government agencies to their regular suppliers through employees/agents or any persons purchasing for or in its behalf representing reimbursable expenses by the payee subject to the EWT?
- A21. Yes, the reimbursable expenses are subject to the EWT of 1% on goods or 2% on services provided that the sales invoice/official receipt shall be in the name of the persons whom the former represents and the corresponding certificate of taxes withheld at source (BIR Form No. 2307) is issued. It is reiterated that BIR Form No. 2307 shall only be issued by duly authorized representative of the employer withholding agent.



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**K) Tolling fees paid to refineries** – On the gross processing/tolling fees paid for the conversion of molasses to its by-products and raw sugar to refined sugar. – **Five percent (5%)**

**L) Payments made by pre-need companies to funeral parlors** – On the gross payments made by pre-need companies to funeral parlors for funeral services rendered. – **One percent (1%)**

**M) Payments made to embalmers** – On the gross payments made to embalmers for embalming services rendered to funeral companies. –  
**One percent (1%)**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**N) Income payments made to suppliers of agricultural products –** Income payments made to agricultural suppliers such as those, but not limited to, payments made by hotels, restaurants, resorts, caterers, food processors, canneries, supermarkets, livestock, poultry, fish and marine product dealers, hardwares, factories, furniture shops, and all other establishments, in excess of the cumulative amount of Three hundred thousand pesos (₱300,000.00) within the same taxable year. - **One percent (1%)**



## Illustrative example for agricultural products

**Question :** How do we compute the 1% Expanded Withholding Tax (EWT) on purchases of palay, an agricultural product, made by ABC Corp. from Mr. Ben Soriano, a small supplier/planter based on the following information:

<b><u>No. of Transactions</u></b>	<b><u>Year</u></b>	<b><u>Purchase Amount</u></b>
One	2018	P 90,000.00
Two	2019	320,000.00
One	2020	400,000.00
One	2021	90,000.00



# ANSWER:

1. In 2018, the transaction is exempt from the 1% EWT since the amount is less than P300,000.00.
2. In 2019, the only amount in excess of P300,000.00 or P20,000.00 shall be subject to the 1% EWT. Thus, the 1% EWT shall be **P200.00** .  
**(P20,000.00 x 1%)**
3. In 2020, the amount of P100,000.00 shall be subject to the 1% EWT since the amount is in excess of the P300,000.00 threshold, thus the 1% EWT shall be **P1,000.00** .  
**(100,000.00 x 1%)**
4. In 2021, the transaction is exempt from the 1% EWT since the amount involved is only P90,000.00 which is below the P300,000.00





## ***INCOME PAYMENTS SUBJECT TO EWT:***

- O) Income payments on purchases of minerals, mineral products and quarry resources as defined and discussed in Section 151 of the Tax Code** – Income payments on purchases of minerals, mineral products, and quarry resources such as but not limited to silver, gold, marble, granite, gravel, sand, boulders and other materials/products.
- **Five percent (5%).**

However, BSP is required to withhold **one percent (1%)** of gross payments made, and remit the same to the Government.



# ***INCOME PAYMENTS SUBJECT TO EWT:***

## **P) MERALCO Payments on the following:**

1. Meralco refund *to customers* arising from Supreme Court decision under SC case GR 14814 dated April 9, 2003 as approved by ERC – on gross amount of refund given by Meralco to customers
  - With active contracts - **15%**
  - With terminate contracts - **15%**
2. Interest income on the refund of electric meter deposits by Meralco and other electric Distribution Utilities: (RR 2-2009)



# Payment to Meralco...

- a. Residential and General Service  
customers whose monthly electric  
consumption exceeds 200kwh  
as classified by the concerned DU - **10%**
  
- b. Non-residential, etc. - - - - - **15%**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**Q) Interest income on the refund paid either through direct payment or application against customers' billings by other electric Distribution Utilities (DUs) in accordance with the rules embodied in ERC Resolution No. 8, Series of 2008, dated June 4, 2008, governing the refund of meter deposits ...**

- 1. Residential and General service customers whose monthly electricity consumption exceeds to 200 kwh as classified by the concerned DU – **ten percent (10%)****
- 2. Non-residential customers – **fifteen percent (15%)****



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**R) Income payments made by political parties and candidates of local and national elections on all their purchase of goods and services related to campaign expenditures, and income payments made by individuals or juridical persons for their purchases of goods and services intended to be given as campaign contributions to political parties and candidates**

**– Five percent (5%)**



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**S) Interest income derived from any other debt instruments not within the coverage of 'deposit substitutes' and Revenue Regulations 14-2012, unless otherwise provided by law or regulations –**

**Twenty Percent (20%)**

**T) Income payments to Real Estate Investment Trust (REIT) – Income payments made to corporate taxpayers duly registered with the LTSRegular LT Audit Division as REIT for purposes of availing the incentive provisions of Republic Act No. 9856, otherwise known as “The Real Estate Investment Trust Act of 2009”, as implemented by RR 13-2011 - **One percent (1%)****



## ***INCOME PAYMENTS SUBJECT TO EWT:***

**U) Income payments on sugar.** – on gross payments on purchases of sugar – **one percent (1%)**

Base on the current price on the date of sale, or actual selling price, whichever is higher.

**V) Income payments made by joint ventures/consortiums.** – Income payments made by joint ventures, whether incorporated or not, taxable or non-taxable, to their local/resident supplier of goods and services, shall be subjected to the following withholding tax rates:

Supplier of goods – One percent (1%)

Supplier of services – Two percent (2%)



# ***INCOME PAYMENTS SUBJECT TO EWT:***

**W) Distributive share of co-venturers/members from the net income of the joint venture/consortium not taxable as corporation.** – On the share of each co-venture/member from the net income of the joint venture/consortium not taxable as corporation prior to actual or constructive distribution thereof – Fifteen percent (15%)

**X) Remittances of Electronic Marketplace Operators and Digital Financial Services Providers to Merchants.** – On one-half (1/2) of the gross remittances by e-marketplace operators and digital financial services providers to the sellers/merchants for the goods or services sold/paid through their platform/facility. – One percent (1%)





“Any income subject to income tax may be subject to withholding tax; however, income exempt from income tax is consequently exempt from withholding tax. Further, income not subject to withholding tax does not necessarily mean that it is not subject to income tax.”



# Persons Required to Deduct and Withhold

The obligation to withhold is imposed upon the buyer-payor of income although the burden of tax is really upon the seller-income earner/payee; hence, unjustifiable refusal of the latter to be subjected to withholding shall be a ground for the mandatory audit of all internal revenue tax liabilities, as well as the imposition of penalties pursuant to Section 275 of the Tax Code, as amended, upon verified complaint of the buyer-payor.



# Exemption from Withholding

- A) National government and its instrumentalities, including provincial, city or municipal government;
- B) Persons enjoying exemption from payment of income taxes pursuant to the provisions of any law, general or special, such as but not limited to the following:
  - (1) Sales of real property by a corporation which is registered with and certified by the Housing and Land Use Regulatory Board (HLURB) or the Housing and Urban Development Coordinating Council (HUDCC) as engaged in socialized housing project where the selling price of the house and lot or only lot does not exceed the socialized housing price applicable to the area as prescribed and certified by the said board/council as provided under Republic Act No. 7279 and its implementing regulations.



# Exemption from Withholding

- 2) Corporations registered with the Board of Investments and enjoying exemption from the income tax provided by Republic Act No. 7916 and the Omnibus Investment Code of 1987;
- (3) Corporations which are exempt from the income tax under Sec. 30 of the Tax Code, as amended, and government-owned or controlled corporations exempt from income tax under Section 27(A)(C) of the same Code, to wit: the Government Service Insurance System (GSIS), the Social Security System (SSS), the Philippine Health Insurance Corporation (PHIC); and the Local Water Districts (LWD). However, the income payments arising from any activity which is conducted for profit or income derived from real or personal property shall be subject to withholding tax as prescribed in these regulations.



# Exemption from Withholding

4) General Professional Partnership;

5) Joint ventures or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal and other energy operations pursuant to an operating or consortium agreement under a service contract with the government;



# Exemption from Withholding

6) Individuals who earn ₱250,000.00 and below from a lone income payor upon compliance with the following requirements:

- a. The individual has executed a payee's sworn declaration of gross receipts in accordance with the format per attached Annex "B-2";
- b. The sworn declaration has been submitted to the lone income payor/withholding agent on or before January 15 of each year or before the initial income payment, whichever is applicable.



## Sec. 2.58 Returns and Payment of Taxes Withheld at Source

Expanded  
Withholding  
Tax

0619-E  
(first 2 months)

BIR Form 1601-EQ  
QAP



# Sec. 2.58 Returns and Payment of Taxes Withheld at Source

Manual

Not later than the last day of the month following the close of the quarter

But, withheld taxes are required to be remitted not later than the 10<sup>th</sup> day following the close of the month (for the first two months of the quarter)





## Sec. 2.58 Returns and Payment of Taxes Withheld at Source

eFPS

Not later than the last day of the month following the close of the quarter

But, withheld taxes are required to be remitted not later than the 15<sup>th</sup> day following the close of the month (for the first two months of the quarter)



# Certificate/Statement of Tax Withheld at Source

- BIR Form 2307 shall be issued 20 days from the close of the quarter or upon demand of the payee;
- Signed by both Payor/withholding agent and Payee



# WITHHOLDING ON VAT AND PERCENTAGE TAX



Sa Tamang Buwis,  
Pag-asenso'y Mabilis



# GOVERNMENT MONEY PAYMENT

## Withholding Agent

government or any of its political subdivisions, instrumentalities, agencies, GOCC, etc. as represented by their heads of offices, treasurers and accountants (RMO 8-2003)

## Time of Withholding

Has become payable (RR No. 4-2024)

## Remittance

on or before the 10th day of the following month after withholding was made using BIR Form Nos. 1600PT and 1600VT.



# GOVERNMENT MONEY PAYMENT

## ISSUANCE OF CERTIFICATE –

- a. **For NON-VAT PAYEES** - not later than 10 days after the end of the month using BIR Form No. 2307.
- b. **VAT PAYEES** - not later than 10 days after the end of each month using BIR Form No. 2307 (RR 4-2002, RR 16-2005, RR 13-2018)



# GOVERNMENT MONEY PAYMENT

## Issuance of Certificate

### NON-VAT PAYEES

- not later than 10 days after the end of the month using BIR Form No. 2307

### VAT PAYEES

- not later than 10 days after the end of each month using BIR Form No. 2307 (RR 4-2002, RR 16-2005, RR 13-2018)



# GOVERNMENT MONEY PAYMENT

**DESIGNATION OF GOVERNMENT OFFICIALS AS WITHHOLDING AGENT: The heads of office,**

**treasurers and accountants:** (RRs 1-87, 6-96, 10-97, RMOs 14-98, 70-98, 8-2003)

## NATURE OF TAX WITHHELD

- a. GMP- creditable against percentage tax due
- b. GVAT – creditable against VAT RETURN (see Section 4.114.2 of RR 16-2005)



## TRANSACTIONS SUBJECT TO GMP (NV)

<b>A. NON-VAT PAYEES. Income Recipient/Nature of Income Payments Subject to Percentage Tax</b>	<b>Rate</b>
1. Persons exempt from VAT under Section 109 (v)	<b>3%</b>
2. Domestic carries and keepers of garages	<b>3%</b>
3. International Air/Shipping Carriers	<b>3%</b>
4. Franchises grantees	
a) Radio and TV broadcasting companies whose annual gross receipts do not exceed P10 M and who are not VAT - registered taxpayers	<b>3%</b>
b) Gas and Water utilities	<b>2%</b>





## TRANSACTIONS SUBJECT TO GMP (NV)

<b>A. NON-VAT PAYEES. Income Recipient/Nature of Income Payments Subject to Percentage Tax</b>	<b>Rate</b>
<p>5. Banks and Non-bank Financial Intermediaries Performing Quasi-Banking Functions - (Section 121, Tax Code, as amended by RA 9337)</p> <p>On interest, commissions and discounts from lending activities as well as income from financial leasing where the remaining maturities of the instrument from which such receipts are derived:</p> <p>a. Maturity period is five years or less</p> <p>Maturity period is more than 5 years</p>	<p>5%</p> <p>1%</p>



## TRANSACTIONS SUBJECT TO GMP (NV)

A. NON-VAT PAYEES. Income Recipient/Nature of Income Payments Subject to Percentage Tax	Rate
<p>On interest, commissions and discounts from lending activities as well as income from financial leasing where the remaining maturities of the instrument from which such receipts are derived:</p> <ul style="list-style-type: none"><li data-bbox="529 739 1753 835">b. On dividend and equity shares and net income of subsidiaries</li><li data-bbox="529 892 1898 1039">c. On royalties, rentals of property, real or personal, profits from exchange and all other items treated as gross income under Section 32 of the Tax Code</li><li data-bbox="529 1096 1865 1239">d. On the net trading gains within the taxable year on foreign currency, debt securities, derivatives and other financial instruments</li></ul>	<p></p> <p style="text-align: center;">0%</p> <p style="text-align: center;">7%</p> <p style="text-align: center;">7%</p>



## TRANSACTIONS SUBJECT TO GMP (NV)

A. NON-VAT PAYEES. Income Recipient/Nature of Income Payments Subject to Percentage Tax	Rate
<p>6. Other Non-bank Financial Intermediaries</p> <ul style="list-style-type: none"><li>a) On gross receipts derived by other non-bank financial intermediaries doing business in the Philippines from interest, commissions, discounts, and other items treated as gross income</li><li>b) On interest, commissions, and discounts from lending activities, as well as income from financial leasing based on the remaining maturity of the instruments from which such receipts are derived:<ul style="list-style-type: none"><li>Maturity period is five years or less</li><li>Maturity period is more than 5 years</li></ul></li></ul>	<p>5%</p> <p>5%</p> <p>1%</p>



## TRANSACTIONS SUBJECT TO GMP (NV)

<b>A. NON-VAT PAYEES. Income Recipient/Nature of Income Payments Subject to Percentage Tax</b>	<b>Rate</b>
7. Life insurance premiums paid to person doing life insurance business of any sort in the Philippines <i>[with conditions, Section 5.116(A)(7), RR 2-98, RMC No. 22-2010]</i>	<b>2%</b>
8. Agents of foreign insurance companies <ol style="list-style-type: none"><li data-bbox="402 832 1847 975">a. On premiums paid to every fire, marine or miscellaneous insurance agent <i>[Section 124, Tax Code/Sec. 5.116(A)(8), RR 2-98]</i></li><li data-bbox="402 1032 1745 1223">b. On premium payments obtained directly with foreign companies...etc. <i>[Section 5.116(A)8(B), RR 2-98]</i></li></ol>	<b>10%</b>  <b>5%</b>



## TRANSACTIONS SUBJECT TO GMP (NV)

A. NON-VAT PAYEES. Income Recipient/Nature of Income Payments Subject to Percentage Tax	Rate
9. Amusements – On gross payments to proprietor, lessee, or operator of:  a. Cockpits  b. Cabarets, night and day clubs, videoke bars, karaoke bars, karaoke television, karaoke boxes, music lounges & other similar establishments (RMC 22-2010/RMO 65-2010)  c. Boxing exhibitions  d. Professional basketball games  e. Jai-alai and racetracks <i>[Section 5.116(A)(9)(a to e), RR 2-98]</i>	18%  18%  10%  15%  30%



## TRANSACTIONS SUBJECT TO GMP (NV)

<b>A. NON-VAT PAYEES. Income Recipient/Nature of Income Payments Subject to Percentage Tax</b>	<b>Rate</b>
10. Sale, barter or exchange of shares of stock listed and traded through the local stock exchange <i>[Section 5.116(A)(10), RR 2-98]</i>	<b>½ of 1%</b>
11. Shares of stock sold or exchanged through initial public offering: <i>[Section 5.116(A)(11), RR 2-98]</i> <ul style="list-style-type: none"><li>• Not over 25%</li><li>• Over 25% but not exceeding 33 1/3%</li><li>• Over 33 1/3%</li></ul>	<b>4%</b> <b>2%</b> <b>1%</b>



## TRANSACTIONS SUBJECT TO GMP (NV)

<b>B. VAT PAYEES. Income Recipient/Nature of Income Payments Subject to VAT</b>	<b>Rate</b>
1. Purchase of Goods and Services	<b>5%</b>
2. Payment for lease or use of properties or property rights to non-resident owners	<b>12%</b>
3. Services rendered in the Philippines by non-residents	<b>12%</b>



## GOVERNMENT MONEY PAYMENT CHART (RMC No. 56-2009)

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/160 1-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>MAINTENANCE AND OPERATING EXPENSES</b>					
<b>Payment for Communication Services</b> (PLDT, Smart, Globe, Sun, etc.)	Service	2%	3%	5%	5% or 7%
<b>Payment for Repairs &amp; Maintenance</b> of Government Facilities and Vehicles	Service	2%	3%	5%	5% or 7%
<b>Payment for Transport of Goods, Merchandise, Cargo</b>					
domestic - air, sea & land (within the Phils.)	Service	2%	3%	5%	5% or 7%
domestic - air, sea & land (Phils to foreign country)	Service	2%	NONE	NONE	2%
International Air & Sea Carriers (Phils. to foreign)	Service	2%	3%	NONE	5%





# GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1601 EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>MAINTENANCE AND OPERATING EXPENSES</b>					
<b>Payment for Transport of Passengers</b>					
domestic - air & sea (w/in the Phils.)	Service	2%	NONE	5%	7%
domestic - land (w/in the Phils.)	Service	2%	3%	NONE	5%
International - air & sea (Phils. to foreign)	Service	2%	3%	NONE	5%
<b>Payment for Purchase of Supplies &amp; Materials, including equipments</b>	Goods	1%	3%	5%	4% or 6%



# GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1 601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>MAINTENANCE AND OPERATING EXPENSES</b>					
<b>Payment for Rental of Properties:</b>					
<b>1. Real Property</b>	<b>Service</b>	<b>5%</b>	<b>3%</b>	<b>5%</b>	<b>8% or 10%</b>
<b>2. Cinematographic films</b>	<b>Service</b>	<b>5%</b>	<b>3%</b>	<b>5%</b>	<b>8% or 10%</b>
<b>3. Personal Property (see NOTE No. 1)</b>	<b>Service</b>	<b>5%</b>	<b>3%</b>	<b>5%</b>	<b>8% or 10%</b>



## GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment for:</b>					
a. Use or Lease of property or property rights to non- resident owner	Service	NONE	NONE	12%	12%
b. Services rendered by local insurance companies with respect to reinsurance premiums payable to non-residents	Service	NONE	NONE	12%	12%
c. Other services rendered in the Phil.by non-residents	Service	NONE	NONE	12%	12%



## GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENT AGE TAX	VAT	
		BIR Form No. 0619-E/160 1-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment to Water Distribution Utilities</b>					
Manila Water Company, Inc.	Service	2%	2%	NONE	4%
Maynilad Water Services, Inc. (MWSI)	Service	2%	2%	NONE	4%
Other water utilities	Service	2%	2%	5%	4% or 7%



# GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1601-E Q	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment to Power Distribution Utilities</b>	Service	2%	NONE	5%	7%
Meralco, VECO, etc.					
Electric Cooperatives 1. Registered with NEA 2. Registered with CDA	Service	NONE	NONE	5%	5%
a. Do not transact with non-members	Service	NONE	NONE	5%	5%
b. Transacting with members and non-members	Service	NONE	NONE	5%	5%



## GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENT AGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
b.1 With members	Service	NONE	NONE	5%	5%
b.2 With non-members and have an accumulated reserve and undivided net savings of not more than P10M	Service	NONE	NONE	5%	5%
b.3 With non-members and have an accumulated reserve and undivided net savings of more than P10M (see RMC 72-2003)	Service	NONE	NONE	5%	5%



## GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment to Cooperatives: (Other than Electric Cooperatives duly registered with CDA)</b>					
A. 1. With BIR issued exemption certificate	Service	NONE	NONE	NONE	NONE
2. Without BIR issued exemption certificate		2%	NONE	5%	7%
B. 1. With BIR exemption certificate	Goods	NONE	NONE	NONE	NONE
2. Without BIR exemption certificate		1%	NONE	5%	6%



# GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment for Trainings and Seminars</b>	Service	2%	3%	5%	5% or 7%
<b>Payment for Purchase of Gasoline/Petroleum Products</b>	Goods	1%	3%	5%	4% or 6%
<b>Payment for Services Rendered by Gasoline Stations</b>	Service	2%	3%	5%	5% or 7%
<b>Payment of Insurance Premiums</b>					
Non-Life	Service	2%	3%	5%	5% or 7%
Life (see NOTE No. 6)	Service	2%	<b>2%</b>	NONE	<b>4%</b>





# GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment for Purchase of Library Books</b>	Goods	1%	NONE	NONE	1%
<b>Payment for Purchase of Other Library Materials</b>	Goods	1%	3%	5%	4% or 6%
<b>Payment for Services of the following contractors:</b>  Security, Janitorial, Maintenance of aircon, computers, elevators, etc.	Service	2%	3%	5%	5% or 7%
<b>Payment of Professional Services Rendered by General Professional Partnership (GPP)</b>	Service	NONE	3%	5%	3% or 5%



# GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENT AGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment of Professional Fee Paid to Taxable Juridical Person (see NOTE No. 2)</b>	Service	10% or 15%	3%	5%	13% or 15% and 18% or 20%
<b>Payment of Professional Fee Paid to Individuals (see NOTE No. 2)</b>	Service	5% or 10%	3%	5%	8% or 15%
<b>Payment for Purchase of Other Goods (see NOTE No. 3)</b>	Goods	1%	3%	5%	4% or 6%
<b>Payment for Purchase of Agricultural Products (see NOTE No. 4)</b>	Goods	1%	NONE	NONE	1%
<b>Payment of Commissions or Service Fees Paid to Customs, Insurance, Real Estate, Stock, Immigration and Commercial Brokers</b>	Service	5% or 10%	3%	5%	8% or 10%



# GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1 601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
Payment for Purchase of Services Other Than Those Covered by Other Rates of Withholding Tax (RR No. 17-2003) (see <i>NOTE No. 3</i> )	Services	2%	3%	5%	5% or 7%
<b>CAPITAL OUTLAY</b>					
For Purchase of Land Classified as Ordinary Asset		1.5%, 3%, 5% or 6%	3%	5%	4.5%, 6%, 8%, 9% or 6.5%, 8%, 10%, 11%



## GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENT AGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>For Land Improvements</b>	Goods	1%	3%	5%	4% or 6%
	Service	2%	3%	5%	5% or 7%
<b>For Buildings and Improvements</b>					
Straight Contract (Labor & Materials)	Service	2%	3%	5%	5% or 7%
Separate Invoice/Billing for Materials	Goods	1%	3%	5%	4% or 6%
Separate Invoice/Billing for Labor	Service	2%	3%	5%	5% or 7%



## GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENTAGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600	BIR Form No. 1600	
<b>For Furniture, Fixtures, Equipment</b>	Goods	1%	3%	5%	4% or 6%
<b>For Information Technology (IT) Equipment</b>	Goods	1%	3%	5%	4% or 6%
	Service	2%	3%	5%	5% or 7%
<b>Payment to Radio &amp; TV Broadcasting Companies Whose Annual Gross Receipts do not Exceed P10M &amp; Who are Non VAT-registered taxpayer</b>	Service	2%	3%	NONE	5%
<b>Payment to Agents of Foreign Insurance Companies - Insurance Agents</b>	Service	2%	10%	NONE	12%



## GOVERNMENT MONEY PAYMENT CHART

Nature of Income Payments	Income Payment Classification (Goods or Service)	Creditable		Final	TOTAL
		INCOME	PERCENT AGE TAX	VAT	
		BIR Form No. 0619-E/1601-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	
<b>Payment to Agents of Foreign Insurance Companies - Owner of the Property</b>	Service	2%	5%	NONE	7%
<b>Payment for sale, barter or exchange of stocks listed and traded through Local Stock Exchange</b>	Service	2%	1/2 of 1%	NONE	2.5%
<b>Payment for shares of stock sold or exchanged through initial and secondary public offering</b>					
- Not over 25%	Service	2%	4%	NONE	6%
- Over 25% but not exceeding 33 1/3%	Service	2%	2%	NONE	4%
- Over 33 1/3%	Service	2%	1%	NONE	3%



## GOVERNMENT MONEY PAYMENT CHART

Payment to Banks and Non-Bank Financial Intermediaries Performing Quasi-Banking Functions		BIR Form No. 0619-E/160 1-EQ	BIR Form No. 1600PT	BIR Form No. 1600VT	<b>TOTAL</b>
1. On interests, commissions and discounts from lending activities as well as income from financial leasing on the basis of remaining maturities of instruments from which such receipts are derived:					
- Maturity period is five years or less	Service	2%	5%	NONE	7%
- Maturity period is more than five years	Service	2%	1%	NONE	3%
2. On dividends and equity shares and net income of subsidiaries	Service	2%	0%	NONE	2%



## GOVERNMENT MONEY PAYMENT CHART

2. On dividends and equity shares and net income of subsidiaries	Service	2%	0%	NONE	2%
3. On the following payments treated as gross income under Section 32 of the Tax Code.					
- Royalties	Service	NONE	7%	NONE	7%
- Rental of Property	Service	5%	7%	NONE	12%
- Profits for exchange and all other items treated as gross income under Section 32 of the Tax Code	Service	NONE	7%	NONE	7%
4. On the net trading gains within the taxable year on foreign currency, debt securities, derivatives, and and other similar financial instruments	Service	NONE	7%	NONE	7%





## NOTE:

1. For rental of personal properties in excess of P10,000.00 annually except those under financial lease arrangement with leasing and finance companies under R.A. No. 8556 (Financing Company Act of 1998).
2. For individual payees: if income for the current year did not exceed 3M - **5%**  
if income is above 3M or VAT register - **10%**
3. For juridical entity; **15%** EWT if the payee's current year's income exceeds P720,000 and **10%** if otherwise pursuant to RR No. 30-2003 as amended by RR No. 11-2018
4. For casual or single purchase of goods and services worth P10,000 and above pursuant to Section 3(N) of RR No. 17-2003 except purchase of agricultural products in their original state such as corn, coconut, copra, palay, etc. pursuant to Section 2 RR 6-2009.
5. Please refer to Revenue Memorandum Circular Nos. 44-2007 and 45-2007 ) (RMC 44-2007/45-2007) and RR 6-2009.
6. Please refer to Section 121 of RA 8424 as amended by RA 9337.
7. Please refer to RMC No. 22-2010
8. Please refer to RR 11-2018



# SUMMARY ON THE REGISTRATION, FILING, AND PAYMENT REQUIREMENTS FOR EACH TYPE OF TAXPAYERS

Individuals under a Job Order or Service Contract Agreement with the Departments and Agencies of the Government Instrumentalities, LGUs, State Colleges and Universities, including the GOCCs and GFI	Registration Fee (RF) /Annual RF	COR	Percentage / VAT	Bookkeeping	Invoicing	1701 ITR	1701Q	2551Q/2550M/2550Q	Expanded Withholding Tax		Business Tax	
									Gross Income < 3,000,000	Gross Income > 3,000,000	Percentage Tax	VAT
Professionals and Other Supplier of Services deriving gross receipts of P250,000 and below in any 12-month period from <i>lone payor</i>	✓	X	✓*	X	X	✓	X	✓	X	X	3%	X
Other Supplier of Services deriving gross receipts above P250,000 in any 12-month from <i>lone payor</i>	✓	✓	✓*	✓	✓*	✓	✓	✓*	2% or 10%**	10%	3%	5% or 12%
Professionals deriving gross receipts above P250,000 in any 12-month period from <i>lone payor</i>	✓	✓	✓*	✓	✓*	✓	✓	✓*	5% or 10%**	10%	3%	5% or 12%
Other Supplier of Services receiving income from <i>multiple payor</i> and/or other source of income	✓	✓	✓	✓	✓	✓	✓	✓	2% or 10%**	10%	3%	5%
Professionals receiving income from <i>multiple payor</i> and/or other source of income	✓	✓	✓	✓	✓	✓	✓	✓	5% or 10%**	10%	3%	5%

\*May avail of the substituted filing on Percentage Tax/VAT return and substituted official receipts.

\*\*10% creditable withholding tax rate shall be withheld, if the payee failed to submit sworn declaration; or if the payee is VAT-registered regardless of amount of gross receipts/sales.

Note: No creditable withholding of percentage tax, and the taxpayer is also not required to file quarterly percentage tax return if he opted to avail of the 8% income tax rate.





## EXPANDED WITHHOLDING TAX

- ▣ **STATUTORY BASES** - Sec. 57-59, R.A. 8424 as implemented by RR Nos. 2-98, 6-2001, 12-2001, 4-2002, 14-2002, 17-2003, 30-2003, 1-2004, 3-2004, 8-2005, 7-2008, 14-2008, 2-2009; 6-2009; 8-2009; 10-2009, 11-2018
  
- ▣ **RATES** - 1% to 15%

## GOVERNMENT MONEY PAYMENT

[Sections 4.114 and 5.116, RR 2-98, RA 9337 as implemented by RR 16(2005 )

### ▣ **STATUTORY BASES:**

1. For NON-VAT payees - Sec. 5.116, RR No. 2-98, RR No. 13-2018 (GMP)
2. For VAT taxpayers/payees - Sec. 114(C) , R.A. 8424, as amended by RA 9337; Sec. 4.114, RR No. 2-98, as amended by RR 16-2005, RR No. 13-2018(GVAT)



# **OFFICERS RESPONSIBLE FOR PENALTIES**

<b>PROVINCES</b>	<b>PROVINCIAL TREASURER</b>	<b>CHIEF ACCOUNTANT</b>	<b>GOVERNOR</b>
<b>CITIES</b>	<b>CITY TREASURER</b>	<b>CHIEF ACCOUNTANT</b>	<b>CITY MAYOR</b>
<b>MUNICIPALITIES</b>	<b>MUNICIPAL TREASURER</b>	<b>CHIEF ACCOUNTANT</b>	<b>MAYOR</b>
<b>BARANGAY</b>	<b>BARANGAY TREASURER</b>		<b>BARANGAY CAPTAIN</b>
<b>DEPARTMENTS BUREAUS AGENCIES INSTRUMENTALITIES GOCCs OTHER GOVERNMENT OFFICES</b>	<b>CHIEF ACCOUNTANT</b>	<b>HEAD OFFICE (OFFICIAL HOLDING HIGHEST POSITION)</b>	



# Thank You for Listening!

