

RA 10963
Tax Reform for Acceleration and
Inclusion (TRAIN) & Other Revenue
Issuances: Focused on Income
Taxation and Withholding Tax
Obligation

9 August 2018

From combined files of Atty. Elenita B.
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Galban



Background on the Tax Reform

- ✓ The Tax Reform for Acceleration and inclusion amends certain provisions of Republic Act No. 8424 (The National Internal revenue Code of 1997), as amended.
- ✓ The enrolled bill was sent to President Duterte for approval and was signed into law as Republic Act No. 10963 on December 19, 2017. The law takes effect January 1, 2018 following its complete publication in the Official Gazette last December 27, 2017.
- ✓ The President has issued a separate letter vetoing five provisions of the signed TRAIN law.
- ✓ The law is just the first tax reform package. The second package (reduction of corporate income tax and rationalization of fiscal incentives) is estimated to be released by early 2018.



Key amendments

1. Individual Income Tax
2. Final Income Tax
3. Estate Tax
4. Donor's Tax
5. Value Added Tax
6. Documentary Stamp Tax
7. Some administrative provisions
8. Penalties
9. Excise Tax on:
 - ✓ Automobiles
 - ✓ Petroleum products
 - ✓ Tobacco products
 - ✓ Sweetened beverages
 - ✓ Mineral products
 - ✓ Cosmetic procedures (non-essential services)



Continued pursuit of a simpler, fairer, and more efficient tax system for all

▶ Package 1B

Tax Amnesty, Motor Vehicle User Charge

▶ Package 2 (January 16, 2018)

Corporate income tax reform and fiscal incentives

• Rice tarrification (Submitted in 2017 by NEDA)

• Package 2+ (January 31, 2018)

Remove VAT exemption of coal and casino

Increase in the alcohol, tobacco, and mining tax

• Package 3 (July 2018)

Property taxation

▶ Package 4 (July 2018)

Passive income and financial taxes

RA 10963
Tax Reform for Acceleration and
Inclusion (TRAIN) & Other Revenue
Issuances: Income Taxation

9 August 2018



RA 10963: Tax Reform for Acceleration and Inclusion (TRAIN) : On Income Tax

1. **RR 14-2018** - amends RR 11-2018
2. **RR 11-2018** – Withholding Tax
3. **RR 8-2018** – Income Tax
4. **RR 15-2018** –amends RR 8-2018
5. **RMC 50-2018** – Clarifies certain provisions of RRs 11-2018 & RR 8-2018
6. **RMC 32-2018** – BIR Form 1701Q
7. **RMC 51-2018** – Amends RMC 69-2017 relative to Government Job Orders/ Service Contract Agreements
8. **RMO 23-2018** –Availment of 8% Income Tax Rate Option



RA 8424 vs. RA 10963 (on Income Tax)

Description	R.A. 8424 (TAX CODE of 1997)	R.A. 10963 (TRAIN)
Income Tax Rates for Individuals	Graduated rates from 5% to 32%, with 7 tiers ; basis is from ₱1 to over ₱500,000	In general, graduated rates from 20% to 35% (beg. 2023, 15%-35%) with zero rate for first ₱250,000 and 5 tiers; basis is from over ₱250,000 to over ₱8M; with option, under certain cases, of qualified individuals with income from business/practice of profession to opt for the 8% income tax rate in lieu of the graduated rates and the percentage tax under Sec. 116
Personal/ Additional Exemptions & Health Insurance	Available to qualified taxpayers	None – already included in the ₱250,000 exempt from income tax; repeal of Sec. 33(A) of the Magna Carta for Persons with Disability & Sec. 22(B) of the Foster Care Act of 2012
13 th month pay other benefits	Maximum of ₱82,000	Maximum of ₱90,000

RA 8424 vs. RA 10963 (on Income Tax)

Description	R.A. 8424 (TAX Code of 1997)	R.A. 10963 (TRAIN)
GOCCs Agencies/Instrumentalities	Exceptions: GSIS, SSS, PHIC, PCSO, LWD	Exceptions: GSIS, SSS, PHIC, LWD (repeal of Sec. 4 of An Act Providing for Philippine Charity Sweepstakes.....)
Employees of RHQ/ROHQ/ OBU/Petroleum	Preferential rates	With Presidential veto note
Fringe Benefit Tax (FBT)	FBT rate: 32% of grossed up value	FBT rate: 35% or applicable tax rate
Filing of Quarterly ITR	Q1– April 15, Q2 – Aug. 15, Q3 – Nov. 15	Q1 – May 15 (others the same due dates)
Installment Payments of IT	2 nd installment – July 15	2 nd installment – October 15

9 NIRC Provision	NIRC	TRAIN		
Section 24 Income tax rates on individual citizen and individual resident alien of the Philippines	Taxable income of individuals are subject to the following graduated rates:	Revised personal income tax brackets of 2018-2022:		
	Tax Schedule		Tax Schedule effective January 1, 2018 to December 31, 2022	
	Not over P10,000	5%	<div style="display: flex; justify-content: space-around;"> <div data-bbox="1653 548 2104 714" style="text-align: center;">Not over ₱250,000</div> <div data-bbox="2104 548 2512 714" style="text-align: center;">0%</div> </div>	
	Over ₱10,000 but not over P30,000	₱500 + 10% of over ₱10,000		
	Over ₱30,000 but not over ₱70,000	₱2,500 + 15% of over ₱30,000		
	Over ₱70,000 but not over ₱140,000	₱8,500 + 20% of over ₱70,000		
Over ₱140,000 but not over ₱250,000	₱22,500 + 25% of over ₱140,000			

10 NIRC Provision	NIRC	TRAIN													
Section 24 Income tax rates on individual citizen and individual resident alien of the Philippines	Taxable income of individuals are subject to the following graduated rates:	Revised personal income tax brackets of 2018-2022:													
	Tax Schedule														
	Over ₱250,000 but not over ₱500,000	₱50,000 + 30% of the excess over ₱250,000	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="1426 468 2514 468" style="text-align: center;">Tax Schedule effective January 1, 2018 to December 31, 2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="1426 468 1921 625">Over ₱250,000 but not over ₱400,000</td> <td data-bbox="1921 468 2514 625">20% of the excess over ₱250,000</td> </tr> <tr> <td data-bbox="1426 625 1921 768">Over ₱400,000 but not over ₱800,000</td> <td data-bbox="1921 625 2514 768">₱30,000 + 25% of the excess over ₱400,000</td> </tr> <tr> <td data-bbox="1426 768 1921 925">Over ₱800,000 but not over ₱2million</td> <td data-bbox="1921 768 2514 925">₱130,000 + 30% of the excess over ₱800,000</td> </tr> <tr> <td data-bbox="1426 925 1921 1082">Over ₱2Million but not over ₱8Million</td> <td data-bbox="1921 925 2514 1082">₱490,000 + 32% of the excess over ₱2Million</td> </tr> <tr> <td data-bbox="1426 1082 1921 1278">Over ₱8Million</td> <td data-bbox="1921 1082 2514 1278">₱2,410,000 + 35% of the excess over ₱8Million</td> </tr> </tbody> </table>	Tax Schedule effective January 1, 2018 to December 31, 2022		Over ₱250,000 but not over ₱400,000	20% of the excess over ₱250,000	Over ₱400,000 but not over ₱800,000	₱30,000 + 25% of the excess over ₱400,000	Over ₱800,000 but not over ₱2million	₱130,000 + 30% of the excess over ₱800,000	Over ₱2Million but not over ₱8Million	₱490,000 + 32% of the excess over ₱2Million	Over ₱8Million	₱2,410,000 + 35% of the excess over ₱8Million
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Over ₱2Million but not over ₱8Million	₱490,000 + 32% of the excess over ₱2Million														
Over ₱8Million	₱2,410,000 + 35% of the excess over ₱8Million														
Over ₱500,000	₱125,000 + 32% of the excess over ₱500,000	Over ₱2Million but not over ₱8Million													
		Over ₱8Million													

11 NIRC Provision	NIRC	TRAIN	
<p><u>Section 24</u> Income tax rates on individual citizen and individual resident alien of the Philippines</p>		For 2023 onwards:	
		Tax Schedule effective January 1, 2023 onwards	
		Not over ₱250,000	0%
		Over ₱250,000 but not over ₱400,000	15% of the excess over ₱250,000
		Over ₱400,000 but not over ₱800,000	₱22,500 +20% of the excess over ₱400,000
		Over ₱800,000 but not over ₱2,000,000	₱102,500 + 25% of the excess over ₱800,000
		Over ₱2Million but not over ₱8Million	₱402,500 + 30% of the excess over ₱2Million
		Over ₱8Million	₱2,202,500 + 35% of the excess over ₱8Million

Sec. 3 Income Tax Rates on Individual Citizen & Individual Resident Alien

- Individuals Earning *Purely Compensation Income*
 - Taxed based on the **graduated income tax rates** prescribed.
 - **Taxable income** is the gross compensation income less non-taxable income/benefits such as but not limited to:
 1. 13th month pay and other benefits (subject to limitations)
 2. De minimis benefits
 3. employee's share in the SSS, GSIS, PHIC, Pag-ibig contributions
 4. union dues

Sec. 3 Income Tax Rates on Individual Citizen & Individual Resident Alien

- Individuals Earning Purely Compensation Income.
1. **Minimum wage earners (MWE)** shall be **exempt** from income tax:
 - statutory minimum wage
 - holiday pay
 - overtime pay
 - night shift differential pay and
 - hazard pay
 2. Husband & wife shall **compute** their individual income tax **separately** based on their respective taxable income

14 NIRC Provision	NIRC	TRAIN
<p><u>Section 24</u> Income tax of self-employed and/or professionals</p>	<p>Taxable income is subject to the same graduated rates</p>	<p>For purely self-employed and/or professionals whose gross sales/receipt and other non-operating income do not exceed the VAT threshold of ₱3Million, the tax shall be, at the taxpayer's option, either:</p> <ol style="list-style-type: none"> 1. Income tax based on the graduated income tax rates for individuals; OR 2. 8% income tax on gross sales/receipts and other non-operating income <u>in excess of ₱250,000</u> in lieu of the graduated income tax rates and the <u>percentage tax under Sec. 116</u>

Sec. 3 Income Tax Rates on Individual Citizen & Individual Resident Alien

- Taxpayer shall be **considered as having availed of the graduated income tax rates**
 - unless signifies the intention to elect the 8% income tax rate in the **1st Quarter Percentage** and/or Income Tax Return or on the **initial quarter** return
 - election shall be **irrevocable** and **no amendment of option** shall be made

Sec. 3 Income Tax Rates on Individual Citizen & Individual Resident Alien

- The option to be taxed at 8% income tax rate is **NOT available to:**
- individuals with gross sales/receipts and other non-operating income which **exceeded** ₱3,000,000.00
 - a **VAT-registered taxpayer**
 - those subject to **Other Percentage Taxes** under Title V of the Tax Code, as amended, except under Section 116
 - **partners** of a General Professional Partnership (**GPP**)
 - have not signified intention to avail of this

Sec. 3 Income Tax Rates on Individual Citizen & Individual Resident Alien

A taxpayer who signifies the intention to **avail of the 8%** income tax rate option, and is **conclusively qualified** for said option at the **end** of the taxable year:

- shall compute the final annual income tax due based on the **actual annual** gross sales/receipts and other non-operating income
- Income tax is **in lieu** of the graduated rates of income tax **and** the percentage tax under Sec. 116
- Financial Statements (FS) is **not** required
- **Bookkeeping and invoicing/** receipting rules still apply

Sec. 3
Income Tax
Rates on
Individual
Citizen &
Individual
Resident
Alien

- **Automatically subject to the graduated rates** even if initially selected the 8% income tax rate option:
 - if taxpayer's gross sales/receipts and other non-operating income **exceeded** the VAT threshold of ₱3,000,000 at **any time**
 - allowed a tax credit for the **previous quarter/s income tax payment/s** under the 8% income tax rate option

Sec. 3 Income Tax Rates on Individual Citizen & Individual Resident Alien

- **Automatically** be subjected to the **graduated rates**
- A taxpayer subject to the graduated income tax rates (either selected this or failed to signify chosen intention or failed to qualify) is **also subject to the applicable business tax, if any**
- **FS** shall be required
- **Audited FS** mandatory for those with gross sales/receipts of more than the VAT threshold

**Sec. 3
Income Tax
Rates on
Individual
Citizen &
Individual
Resident
Alien**

- **Taxable income** - self-employment/
practice of profession:
 - **net income**, if opted to be taxed at graduated rates or failed to signify the chosen option
 - the **gross sales/receipts and other** non-operating income if option availed is the 8% IT rate

NIRC Provision	NIRC	TRAIN
<p><u>Section 24</u> Income tax of mixed income earners</p>	<p>Taxable income is subject to the same graduated rates</p>	<p>For mixed income earners (earning both compensation income and income from business and/or practice of profession), their income taxes shall be:</p> <ol style="list-style-type: none"> 1. For income from compensation: based on graduated income tax rates for individuals; AND 2. For income from business and/or practice of profession: <ol style="list-style-type: none"> a. Gross sales/receipts and other non-operating income which do not exceed the VAT threshold of ₱3Million – income tax based on graduated income tax rates on taxable income OR 8% income tax on gross sales/receipts and other non-operating income, at the taxpayer's OPTION b. Gross sales/receipts and other non-operating income which exceeds the VAT threshold of P3Million – income tax based on graduated tax rates for individuals

Sec. 3
Income Tax
Rates on
Individual
Citizen &
Individual
Resident
Alien

- Under Section 24(A)(2)(b) on option of **8%** income tax rate on gross sales/receipts and other non-operating income **in excess of ₱250,000.00 –**
 - only to **purely** self-employed individuals and/or professionals.
 - **not** applicable to **mixed** income earners

Sec. 3 Income Tax Rates on Individual Citizen & Individual Resident Alien

Mixed Income (Continuation) under 8%...

- The excess of the ₱250,000.00 over the actual taxable compensation income is **not a reduction** against the taxable income from business/practice of profession under the 8% income tax rate option.
- The **total tax due** shall be the **sum** of:
 - (1) **tax due** from **compensation** (computed using the **graduated** income tax rates); and
 - (2) **tax due** from **self-employment/practice of profession** (computed by multiplying by 8% IT rate the total of gross sales/receipts and other non-operating income)

Sec. 3
Income Tax
Rates on
Individual
Citizen &
Individual
Resident
Alien

Mixed Income (Continuation) under graduated...

- option to be taxed under the graduated income tax rates for income from business/practice of profession, tax due shall be based on the total taxable income:

combine the taxable income from both compensation and business/practice of profession multiply by the graduated tax rate

Sec. 12 Registration Updates

A taxpayer who **initially presumed** that the gross sales/receipts for the taxable year and other non-operating income will not exceed the ₱3,000,000.00 VAT threshold but has **actually exceeded** the same during the taxable year, shall

- immediately **update registration** from non-VAT to a VAT taxpayer
- update registration immediately **within the month** following the month the sales/receipts exceeded the VAT threshold
- be liable to VAT **prospectively** starting on the first day following the month when the threshold is breached

Sec. 12 Registration Updates

A taxpayer who initially presumed that the gross sales/ receipts for the taxable year and other non-operating income will not exceed the ₱3,000,000.00 ..., shall:
(continuation)

- pay the required **percentage tax** from the beginning of the taxable year or commencement of business/ practice of profession until the time the taxpayer becomes liable for VAT - **without imposition of penalty if timely paid** on the immediately succeeding month/ quarter.

Thus, there may be an instance when a taxpayer **files two (2) business tax returns** in a month/quarter – i.e., percentage and VAT returns.

Sec. 12 Registration Updates

A VAT taxpayer who **did not exceed** the VAT threshold within the immediately preceding three (3) year period, **may opt to be a non-VAT** taxpayer and avail of the 8% income tax rate option:

- **update the registration** records on or before the first quarter of a taxable year
- **remain liable for VAT** for as long as there is no update of registration and VAT-registered **invoices/receipts are continuously** issued
- updates shall be **subject to existing rules and regulations**

Sec. 12 Registration Updates

A non-VAT taxpayer who **volunteers** to be a VAT taxpayer knowing that sales/receipts and other non-operating income will exceed the VAT threshold, shall **update** registration records - becomes **liable to VAT** on the day when updating is made.

- **automatically be subject to the graduated IT rates if the 8% IT rate** option is initially selected; any income tax paid previously shall be deducted from the income tax due under the graduated IT rates; **percentage tax due** from the beginning shall be due on the month/quarter immediately following registration update.
- However, **if the graduated income tax rates** is selected from the beginning - **ceases to be liable** to percentage tax and instead is now liable to VAT.

NIRC Provision	NIRC	TRAIN
<p><u>Section 51 (C) (1)</u> Filing of Individual Tax Return</p>	<p>The return of individual required to file an income tax return shall be filed <u>on or before April 15</u> of each year covering income for the preceding taxable year.</p>	<p>The return of individual required to file an income tax return shall be filed on or before April 15 of each year covering income for the <u>preceding taxable year</u>. (Note: The TRAIN Law did not remove this provision)</p>
<p><u>Section 74</u> Declaration of estimated income for individuals</p>	<p>Every individual subject to income tax shall make and file a declaration of his estimated income for the current taxable year on or before April 15 of the same taxable year.</p>	<p>The deadline for filing of declaration <u>estimated income for the current taxable year</u> is on or before <u>May 15</u> of the same <u>taxable year</u>.</p>

30 **Summary:** Individual Taxpayers – Resident Citizen/Alien

Particulars	Graduated IT Rates	8% IT Rates
Applicability	In general, applicable to all individual taxpayers	May be availed by <i>qualified</i> individual engaged in business/ practice of profession whose gross sales/receipts and other non-operating income did not exceed ₱3M
Basis of IT	net taxable income	gross sales/receipts and other non-operating income
Deductions	Allowable itemized or OSD (40%)	n/a
Business Tax	PT / VAT	Not subject to PT
Financial Statements	<ol style="list-style-type: none"> If Itemized deductions: FS if gross is less than ₱3M; Audited FS if gross is more than ₱3M If OSD: no FS required 	if qualified: No FS required

Summary: Individual Taxpayers – Resident Citizen/Alien

Classification	Graduated IT Rates	&/or	8% IT Rates
a. Purely Compensation		n/a	Not applicable (n/a)
b. Purely Business/ Practice of Profession:			
b.1 If gross sales/receipts & other non-operating income did not exceed ₱3M in a taxable year (with taxpayer's option)	*subject to applicable business tax/es	OR	* if qualified taxable on gross sales/receipts and other none-operating income in excess of <u>₱250Th</u> ; in lieu of graduated rates and PT under Sec. 116
b.2 If gross sales/receipts & other non-operating income exceed ₱3M in a taxable year	*subject to applicable business tax/es	n/a	n/a

c. Mixed Income (both compensation and business/practice of profession):

c1.compensation		n/a	n/a
c.2. engage in business/ practice of profession c.2.i. If gross sales/ receipts & other non- operating income did not exceed ₱3M in a taxable year (with taxpayer's option)	*subject to applicable business tax/es;	OR	*if qualified: taxable on gross; in lieu of graduated rates and PT under Sec. 116
c.2.ii. If gross sales/ receipts & other non- operating income exceed ₱3M in a taxable year	*subject to applicable business tax/es	n/a	n/a
	Under the graduated IT regime: 1. allowed deductions are the itemized deductions or the OSD (40%) to get taxable net income 2. Total IT due = sum of both the taxable income from compensation and business/profession X grad. rate		Under the 8% IT regime: Total IT due = Income tax due from compensation (using graduated rates) plus income tax due from business/practice of profession (using 8% of gross sales/receipts & other non-operating income)

**RMC
50-2018 –
Clarifies
Certain
Provisions of
RRs 8-2018
and 11-2018**

➤ **Most frequently asked questions on income and withholding tax provisions**

- Personal and additional exemptions
- Income tax rate options for individuals
- Qualifications to avail the options
- Minimum Wage Earners
- Job Orders/Contract of Service
- De minimis benefits
- Applicable withholding tax rates
- Taxpayers' Obligations
- Forms to Use
- Tax Deadlines

RMC 32-2018 - Revised BIR Form No. 1701

➤ **Availability of Revised BIR Form No. 1701Q, revised January 2018**

- Quarterly Income Tax Return for Individuals, Estates and Trusts - [BIR Form 01701Q](#) January 2018
- Due dates –
 - Q1: May 15
 - Q2: August 15
 - Q3: November 15
- Availability – PDF version can be downloaded from the BIR website; offline eBIRForms Package v7.1; not yet available in the eFPS

**RMC
51-2018 -
Amends
RMC 69-2017
on Job Order
or Service
Contract
Agreement**

➤ **Registration and Compliance Requirements of Individuals under a Job Order or Service Contract Agreement with the Government, Instrumentalities, LGUs, State Colleges and Universities, GOCCs and GFIs**

- A. Those deriving gross receipts of ₱250K and below from LONE payor and with no other source of income
- B. Those deriving gross receipts above ₱250K and not exceeding ₱3M from LONE payor and with no other source of income
- C. Those deriving gross receipts above ₱3M from LONE payor and with no other source of income
- D. Those with MULTIPLE payor and/or other source of income

**RMC 51-2018 -
Amends
RMC 69-2017 on
Job Order or
Service Contract
Agreement**

E. Summary

Table below clearly described the details on the registration, filing and payment requirements for each type of taxpayers previously defined.

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.

RMO 23-2018 – Avail-ment of the 8% Income Tax Rate Option

➤ 8% IT Rate Option for Individuals Earning from Self-Employment and/or Practice of Professions

7. Self-employed individuals shall signify the intention to elect the 8% income tax rate in filing any of the following:

7.1 New Business Registrant

- a. Upon registration using BIR Form No. 1901 and/or 1701Q; or
- b. On the initial quarter return (BIR Form No. 2551Q and/or 1701Q) of the taxable year after the commencement of a new business/practice of profession.

7.2 Existing Individual Business Taxpayers

- a. Filing of BIR Form 1905 (Application for Registration Information Update) at the beginning of the taxable year, to end-date the form type of quarterly percentage tax. Provided that an option to avail the eight percent income tax rate shall be selected in filing the initial quarterly income tax return for income tax purposes; or
- b. 1st Quarterly Percentage Tax Return; and/or
- c. 1st Quarterly Income Tax Return.

Otherwise, the graduated income tax rates shall apply.

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Issuances: Focus on Withholding
Tax Obligation
RR No. 11-2018

9 August 2018



RA 10963: Tax Reform for Acceleration and Inclusion (TRAIN) : On Withholding Tax

1. **RR 14-2018** - amends RR 11-2018
2. **RR 11-2018** – Withholding Tax
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4. **RMC 50-2018** – Clarifies certain provisions of RRs 11-2018 & RR 8-2018
5. **RMC 51-2018** – Amends RMC 69-2017 relative to Government Job Orders/ Service Contract Agreements



Sec. 2.57.2
Income
Payments
Subject to
Creditable
Withholding
Tax

A. Professional fees, talent fees, etc. for services rendered:

- **Individual payee:**
 - Gross income of P3M and below – 5%
 - Gross income above P3M or VAT-registered TP - 10%
- **Non-Individual Payee:**
 - Gross income P720,000 and below – 10%
 - Gross income above P720,000 – 15%

Sec. 2.57.2
Income
Payments
Subject to
Creditable
Withholding
Tax

Included under this section are payments previously under the following subsections:

- Subsection B – professional fees, talent fees, etc. for services rendered by juridical persons
- Subsection G – payments to certain brokers and agents
- Subsection I – payment to medical practitioners
- Subsection O – Commissions of independent and/or exclusive sales representatives

Section 2.57.2 Income Payments Subject to Creditable Withholding Tax

Nature of Income Payments (No Change in Rate)	Old Sub Sec	New Sub Sec	Rate
Rentals	C	B	5%
Income Payments to Certain Contractors	E	C	2%
Income Distribution to the Beneficiaries	F	D	15%
Income Payments to Partners of GPP	H	E	15%
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	J	F	1.5% / 3% / 5% / 6%

Section 2.57.2 Income Payments Subject to Creditable Withholding Tax

Nature of Income Payments (No Change in Rate)	Old Sub Sec	New Sub Sec	Rate
Additional Income Payments to Government Personnel from Importers, Shipping and Airline Companies, or their Agents	K	G	15%
Certain Income Payments Made by Credit Card Companies	L	H	1% of ½ of Gross
Income Payments Made by Top Withholding Agents	M, W	I	1% / 2%
Income Payments made by the Government	N	J	1% / 2%
Tolling Fees Paid by the Refineries	P	K	5%

Section 2.57.2 Income Payments Subject to Creditable Withholding Tax

Nature of Income Payments (No Change in Rate)	Old Sub Sec	New Sub Sec	Rate
Payments Made by Pre-Need Companies to Funeral Parlors	Q	L	1%
Payments Made to Embalmers	R	M	1%
Payments Made to Suppliers of Agricultural Products	S	N	1%
Income Payments on Purchases of Minerals, Mineral Products and Quarry Resources	T	O	1% / 5%
MERALCO Payments	U	P	10%

Section 2.57.2 Income Payments Subject to Creditable Withholding Tax

Nature of Income Payments (No Change in Rate)	Old Sub Sec	New Sub Sec	Rate
Interest Income on the Refund Paid by Other Electric Distribution Utilities (DUs)	V	Q	10% / 20%
Income Payments Made by Political Parties and Candidates of Local and National Election	X	R	5%
Interest Income Derived from Any Other Debt Instruments Not Within the Coverage of Deposit Substitutes	Y	S	20%
Income Payments to Real Estate Investment Trust (REIT)	Z	T	1%
Income Payments on Sugar	AA	U	1%

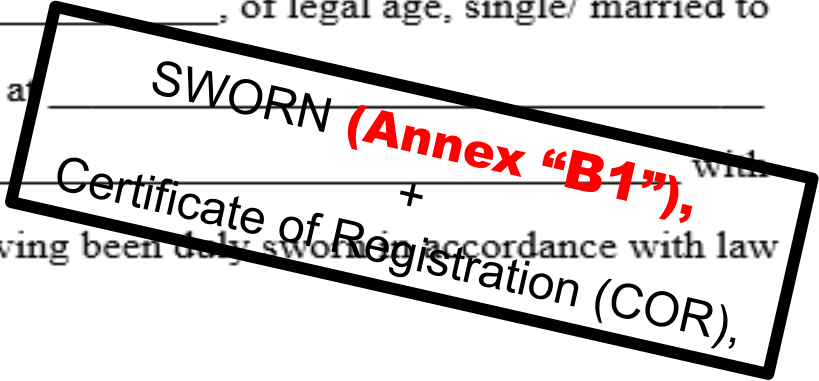
Sec. 2.57.2 Income Payments Subject to Creditable Withholding Tax

How the Withholding Agent Determine the Applicable Withholding Tax Rates to be Applied to the Payee?

- The individual payee shall execute a sworn declaration ([Annex B-1](#) of the RR) and, together with a copy of COR, provide all income payors every January 15 of each year, or prior to the initial income payment
- Withholding agent shall likewise execute sworn statement ([Annex C](#) of the RR) declaring the number of payees who have executed sworn declaration (Annex B-1, B-2, B-3 of the RR), and submit the same not later than **January 30 of each year or within fifteen (15) days** following the month when new recipient of income have submitted a sworn declaration with a copy of COR

INCOME PAYEE'S SWORN DECLARATION OF GROSS RECEIPTS/SALES (For Self-Employed and/or Engaged in the Practice of Profession with SEVERAL INCOME PAYORS)

I, _____, _____, of legal age, single/ married to _____,
(Name) (Citizenship)
_____ permanently residing at _____ with
(Name of Spouse) _____
_____ (Address)
Taxpayer Identification Number (TIN) _____, after having been duly sworn in accordance with law



hereby depose and state:

1. That I derived my _____ income from various income payors, and my registered business address is at _____;
(business/professional) (Business Address)

2. That for the current year _____, my gross receipts will **not exceed Three Million Pesos (P3,000,000) and that I am a non-VAT registered taxpayer.** For this purpose, I opt to avail of either one of the income tax regime as follows:

- GRADUATED INCOME TAX RATES** under Section 24(A)(2)(a) of the Tax Code, as amended, based on the taxable income. With this selection, I acknowledge that I am subject to creditable withholding tax at the prescribed rate; subject to percentage tax and will file the required percentage tax returns or subject to withholding percentage tax, in case of government money payments.
- Eight Percent (8%) income tax rate** under Section 24(A)(2)(b) of the Tax Code, as amended, based on gross receipts/sales and other non-operating income - with this selection, I understand that this is in lieu of the graduated income tax rates and the Percentage Tax under Section 116 of the Tax Code, as amended; thus, only the creditable income withholding tax based on the prescribed rate shall be made;

INCOME PAYEE'S SWORN DECLARATION OF GROSS RECEIPTS/SALES
(For Self-Employed and/or Engaged in the Practice of Profession with
SEVERAL INCOME PAYORS)

3. That based on my selection above, if my gross sales/receipts and other non-operating income **exceeds ₱3,000,000**, my income payor /withholding agents shall **automatically withhold the higher rate of withholding of ten percent (10%)** in the case of income items with two (2) prescribed creditable withholding tax rate depending on the total amount of income payment received:
- a. **In case of Graduated Income Tax Rates**, I acknowledge that aside from income tax, I am subject to business tax (VAT) unless expressly exempted; and consequently subject to withholding of income. Moreover, if the payor is a government entity, business tax withholding applies; OR
 - b. **In case of Eight Percent (8%) income tax rate**, I acknowledge that I am no longer qualified to avail of this option since my income exceeds ₱3,000,000 and thus, the graduated income tax rates above shall automatically apply together with the consequent liability for business tax/es;
4. That I duly execute this **SWORN DECLARATION** in compliance with the requirement prescribed under Section ____ of Revenue Regulations No. _____;
5. That I declare, under the penalties of perjury, that this declaration has been made in good faith, and to the best of my knowledge and belief to be true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 20__ at _____, Philippines

Signature over Printed Name of Individual Taxpayer

SUBSCRIBED AND SWORN to before me this ____ day of _____, 20__ in _____.
Applicant exhibited to me his/her _____ issued at _____ on _____
(Government Issued ID and No.)

NOTARY PUBLIC

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Page No.: _____
Book No.: _____
Series of _____

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August 2018

SWORN (Annex "B1"),
+
Certificate of Registration
(COR),



INCOME PAYEE'S SWORN DECLARATION OF GROSS RECEIPTS/SALES

(For Self-Employed and/or Engaged in the Practice of Profession with Several Income Payors)

(To be filled-out by the withholding agent/lone payor)

**SWORN (Annex "B1"),
+
Certificate of Registration (COR),**

Date Received: _____
(MM-DD-YYYY-00001)

Received by:

Signature over Printed Name of the Withholding Agent/Payor or Authorized Officer

Designation/Position of Authorized Officer

Name of Withholding Agent/Lone Payor

INCOME PAYOR/WITHHOLDING AGENT'S SWORN DECLARATION ANNEX C

I, _____, _____, of legal age, single/
(Name of Proprietor/Authorized Officer) (Citizenship)
 married, the designated _____ of _____
(Designation/Position) (Name of Withholding Agent)
 with Taxpayer Identification Number (TIN) _____, after having been duly sworn in
 accordance with law hereby depose and state:

1. That there are _____ income payees (self-employed individuals) where no withholding is made, consisting of the following:

Type of withholding NOT withheld	Number of income payees
Expanded WT only	
WT on VAT/Percentage Tax only	
Both expanded and VAT/Percentage tax	
TOTAL	

2. That the above payees where no withholding tax is deducted from their income payment/s have executed the required Income Payee's Sworn Declarations on the amount of gross receipts which they expect to receive for the year _____, and these sworn declarations are duly received together with copies of their Certificate of Registration (COR);
3. That there are _____ individual income payees withheld five percent (5%) withholding tax rate due to their submission of "Payee's Sworn Declaration of Gross Receipts/Sales" stating that their gross receipts/sales shall not exceed ₱3M for the current year, while _____ non-individual payees submitted "Income Payee's Sworn Declaration" stating that their gross receipts/sales shall not exceed P720,000 for the current year;
4. That I am attaching with this sworn declaration the list of individual payees subject of items 1 and 2 above consisting of _____ number of pagers, the list of individual payees subject of item 3 above with _____ number of pages, and the list of non-individual payees subject also of item 3 above with _____ number of pages;
5. That the submission is in compliance with the requirements prescribed under Section _____ of Revenue Regulations No. 11-2018.
6. That this declaration, including the attached list/s, is made in good faith, to the best of my knowledge and belief, to be true and correct, under the penalties of perjury.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 20__ at _____, Philippines

Signature over Printed Name of Withholding Agent/Authorized Officer of the Withholding Agent

Designation/Position if Authorized Officer

Name of Withholding Agent/Lone Payor

SUBSCRIBED AND SWORN to before me this ____ day of _____, 20__ in _____ Applicant exhibited to me
 his/her _____ issued at _____ on _____
(Government Issued ID and No.)

NOTARY PUBLIC

Doc. No.: _____
 Page No.: _____
 Book No.: _____
 Series of _____

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Documentary



Sec. 2.57.2
Income
Payments
Subject to
Creditable
Withholding
Tax

What Shall be the Applicable Withholding Tax Rates If the Individual Payee Did Not Submit Any Sworn Declaration to the Payor?

- The withholding agent shall withhold the **higher** rate of withholding TAX WHICH IS **10%**

Sec. 2.57.3 Persons Required to Deduct and Withhold

Amendments pertain to:

- **Refusal** of seller/payee to be subjected to withholding tax – may be imposed penalties pursuant to Section 275 of the Tax Code (in addition to the conduct of audit)
- Inclusion of provisions regarding **non-withholding** of tax from individuals whose gross income in a year does not exceed P250,000 from a lone payor subject to certain requirements

Sec. 2.57.3 Persons Required to Deduct and Withhold

Requirements:

- Individual shall execute a sworn declaration of gross income (with provided **format-Annex B-2** of the RR);
- The sworn declaration shall be **submitted to the lone payor**;
- The **lone payor** shall likewise execute a sworn declaration (format also provided –Annex C of the RR) which shall be **submitted to the concerned BIR** office, together with the list of payees who shall not be subjected to withholding tax

INCOME PAYEE'S SWORN DECLARATION OF GROSS RECEIPTS/SALES

LONE INCOME PAYOR

I, _____, _____ of legal age, single/ married to _____
(Name) (Citizenship)
 _____ permanently residing at _____
(Name of Spouse) / (Address)

SWORN (Annex "B2"),
Certificate of Registration (COR),

Taxpayer Identification Number (TIN) _____, after having been duly sworn in accordance with law hereby depose and state:

1. That I derived my _____ income only from _____
(business/professional) (Name of Lone Payor)
 with Taxpayer Identification Number _____ and business address at _____

2. That for the current year _____, my gross receipts will **not exceed ₱250,000.00** and that I am **registered as a non-VAT taxpayer**; that whatever is the amount of income received, I will comply with the requirement to file my Income Tax Return on the prescribed due date. For this purpose, **I opt to avail of either one of the following:**

GRADUATED INCOME TAX RATES under Section 24(A)(2)(a) of the Tax Code, as amended, based on the taxable income. With this selection, I acknowledge that I am **subject to 0% income tax**, thus, not subject to creditable withholding tax; **subject to percentage tax**, if applicable, and will file the required percentage tax returns or **subject to withholding percentage tax, in case of government money payments.**

EIGHT PERCENT (8%) INCOME TAX RATE under Section 24(A)(2)(b) of the Tax Code, as amended, based on gross receipts/sales and other non-operating income - with this selection, I understand that this is in **lieu of the graduated income tax rates and the Percentage Tax** under Section 116 of the Tax Code, as amended; thus, **no withholding tax shall be made;**

INCOME PAYEE'S SWORN DECLARATION OF GROSS RECEIPTS/SALES

LONE INCOME PAYOR

3. That based on my selection above, if my gross sales/receipts and other non-operating **income exceeds ₱250,000.00 but not over ₱3,000,000.00**, my afore-stated lone income payor shall **automatically withhold** the prescribed rate of withholding tax:
- In case of Graduated Income Tax Rates**, I acknowledge that aside from income tax, I am subject to business tax (Percentage Tax, if applicable) and **creditable withholding of income in excess of ₱250,000.00, and business tax withholding**, if any, are applicable on the entire income payment; OR
 - In case of Eight Percent (8%) income tax rate**, I acknowledge that I am only subject to income tax and thus, to the **creditable withholding income tax in excess of ₱250,000.00**;
4. That I duly execute this **SWORN DECLARATION** in compliance with the requirement prescribed under Section ____ of Revenue Regulations No. _____;
5. That I declare, under the penalties of perjury, that this declaration has been made in good faith, and to the best of my knowledge and belief to be true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 20__ at _____, Philippines

Signature over Printed Name of Individual Taxpayer

SUBSCRIBED AND SWORN to before me this ____ day of _____, 20__ in _____.
Applicant exhibited to me his/her _____ issued at _____ on _____.
(Government Issued ID and No.)

NOTARY PUBLIC

Doc. No.: _____
Page No.: _____
Book No.: _____
Series of _____

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SWORN (Annex "B2"),
+
Certificate of Registration
(COR),

INCOME PAYEE'S SWORN DECLARATION OF GROSS RECEIPTS/SALES

(For Self-Employed and/or Engaged in the Practice of Profession with LONE Income Payors)

(To be filled-out by the withholding agent/lone payor)

**SWORN (Annex "B2"),
+
Certificate of Registration (COR),**

Date Received: _____
(MM-DD-YYYY-00001)

Received by:

Signature over Printed Name of the Withholding Agent/Payor or Authorized Officer

Designation/Position of Authorized Officer

Name of Withholding Agent/Lone Payor

INCOME PAYOR/WITHHOLDING AGENT'S SWORN DECLARATION ANNEX C

I, _____, _____, of legal age, single/
(Name of Proprietor/Authorized Officer) (Citizenship)
 married, the designated _____ of _____
(Designation/Position) (Name of Withholding Agent)
 with Taxpayer Identification Number (TIN) _____, after having been duly sworn in
 accordance with law hereby depose and state:

1. That there are _____ income payees (self-employed individuals) where no withholding is made, consisting of the following:

Type of withholding NOT withheld	Number of income payees
Expanded WT only	
WT on VAT/Percentage Tax only	
Both expanded and VAT/Percentage tax	
TOTAL	

2. That the above payees where no withholding tax is deducted from their income payment/s have executed the required Income Payee's Sworn Declarations on the amount of gross receipts which they expect to receive for the year _____, and these sworn declarations are duly received together with copies of their Certificate of Registration (COR);
3. That there are _____ individual income payees withheld five percent (5%) withholding tax rate due to their submission of "Payee's Sworn Declaration of Gross Receipts/Sales" stating that their gross receipts/sales shall not exceed ₱3M for the current year, while _____ non-individual payees submitted "Income Payee's Sworn Declaration" stating that their gross receipts/sales shall not exceed P720,000 for the current year;
4. That I am attaching with this sworn declaration the list of individual payees subject of items 1 and 2 above consisting of _____ number of pagers, the list of individual payees subject of item 3 above with _____ number of pages, and the list of non-individual payees subject also of item 3 above with _____ number of pages;
5. That the submission is in compliance with the requirements prescribed under Section _____ of Revenue Regulations No. 11-2018.
6. That this declaration, including the attached list/s, is made in good faith, to the best of my knowledge and belief, to be true and correct, under the penalties of perjury.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 20__ at _____, Philippines

Signature over Printed Name of Withholding Agent/Authorized Officer of the Withholding Agent

Designation/Position if Authorized Officer

Name of Withholding Agent/Lone Payor

SUBSCRIBED AND SWORN to before me this ____ day of _____, 20__ in _____ Applicant exhibited to me
 his/her _____ issued at _____ on _____
(Government Issued ID and No.)

NOTARY PUBLIC

Doc. No.: _____
 Page No.: _____
 Book No.: _____
 Series of _____

Affix ₱30.00
Documentary



Sec. 2.57.3 Persons Required to Deduct and Withhold

What if the individual did not submit the sworn declaration and a copy of COR to the lone payor?

- The lone payor is required to withhold the prescribed rate of withholding on the **entire payments** made

Sec. 2.57.3 Persons Required to Deduct and Withhold

What if the income payments exceed P250,000 but the individual payee submitted the sworn declaration?

- The lone payor is required to withhold the prescribed rate of withholding only on the excess over P250,000

Sec. 2.57.5 Exemption from Withholding of CWT Withhold

- A. National government agencies and instrumentalities, except GOCCs
- B. Persons enjoying exemption from income tax, as follows:

- Sale of real property by person engaged in social housing project where the SP does not exceed the socialized housing price applicable to the area as prescribed by HLURB/HUDCC
- Corporations duly registered with the Board of Investments (BOI), Philippine Export Processing Zones and Subic Bay Metropolitan Authority enjoying exemption from income tax pursuant to E.O. 226;
- Corporations exempt from income tax under Section 30 of the Tax Code as amended and GOCCs, namely: GSIS; SSS; PHIC and LWDs;
- GPPs;
- Joint Ventures or consortium formed for the purpose of undertaking construction project...
- **Individuals who earn P250,000 and below from a lone payor subject to compliance with some requirements**

Section 2.78.1 Withholding of Income Tax on Compensation

Amendments Pertain to:

“De Minimis” Benefits

- Increase in Medical Cash Allowance to dependents of employee to P1,500 per semester or P250 per month
- Increase in Rice Subsidy to P2,000 per month
- Increase in uniform and clothing allowance to P6,000 per annum

Exemption from Withholding Tax on Compensation

- Increase in threshold of the “13th month pay and other benefits” to P90,000
- Income payment paid to Minimum Wage Earner (MWE) by the same employer, other than the basic SMW, Holiday pay, Hazard pay, Overtime pay, Night-Shift differential pay – shall be taxable and subject to WT;
- Compensation during the year not exceeding P250,000

Section 2.79 Income Tax Collected at Source on Compensation Income

Amendments Pertain to:

Withholding Tax Table

- No reference to number of dependents due to removal of personal and additional exemptions
- Change in Income tax rates
- Change in compensation range
- Applicability of the withholding table to employees of Area or Regional Headquarters of Multinational companies, ROHQ, OBUs, and Petroleum Service contractors and sub-contractors

Fringe Benefits Rate

- Increase to 35% for citizen, resident alien and alien engaged in trade or business in the Philippines

Withholding Tax Table (To be used until Dec. 31, 2022)

REVISED WITHHOLDING TAX TABLE

Effective January 1, 2018 to December 31, 2022

DAILY	1	2	3	4	5	6
Compensation Range	P 685 and below	P685 – P1,095	P1,096 – P2,191	P2,192 – P5,478	P5,479 – P21,917	P21,918 and above
Prescribed Withholding Tax	0.00	0.00	P 82.19 + 25% over P 1,096	P 356.16 + 30% over P2,192	P 1,342.47 + 32% over P 5,479	P 6,602.74 + 35% over P21,918
WEEKLY	1	2	3	4	5	6
Compensation Range	P 4,808 and below	P 4,808 – P 7,691	P 7,692 – P15,384	P 15,385 – P 38,461	P 38,462 – P153,845	P 153,846 and above
Prescribed Withholding Tax	0.00	0.00 + 20% over P 4,808	P 576.92 + 25% over P 7,692	P 2,500.00 + 30% over P 15,385	P 9,423.08 + 32% over P 38,462	P 46,346.15 + 35% over P 153,846
SEMI-MONTHLY	1	2	3	4	5	6
Compensation Range	P 10,417 and below	P 10,417 – P16,666	P 16,667 – P 33,332	P 33,333 – P 83,332	P 83,333 – P333,332	P 333,333 and above
Prescribed Withholding Tax	0.00	0.00 + 20% over P 10,417	P 1,250.00 + 25% over P 16,667	P 5,416.67 + 30% over P 33,333	P 20,416.67 + 32% over P 83,333	P 100,416.67 + 35% over P 333,333
MONTHLY	1	2	3	4	5	6
Compensation Range	P 20,833 and below	P 20,833 – P 33,332	P 33,333 – P 66,666	P 66,667 – P 166,666	P 166,667 – P666,666	P 666,667 and above
Prescribed Withholding Tax	0.00	0.0 + 20% over P 20,833	P 2,500.00 + 25% over P 33,333	P 10,833.33 + 30% over P 66,667	P 40,833.33 + 32% over P 166,667	P 200,833.33 +35% over P 666,667

Withholding Tax Table (Starting Jan. 1, 2023)

REVISED WITHHOLDING TAX TABLE						
Effective January 1, 2023 and onwards						
DAILY	1	2	3	4	5	6
Compensation Range	P 685 and below	P 685 – P 1,095	P 1,096 – P 2,191	P 2,192 – P 5,478	P 5,479 – P 21,917	P 21,918 and above
Prescribed Withholding Tax	0.00	0.00	P 61.65	P 280.85	P 1,102.60	P 6,034.00.30
		+ 15% over P 685	+ 20% over P 1,096	+ 25% over P 2,192	+ 30% over P 5,479	+ 35% over P 21,918
WEEKLY	1	2	3	4	5	6
Compensation Range	P 4,808 and below	P 4,808 – P 7,691	P 7,692 – P 15,384	P 15,385 – P 38,461	P 38,462 – P 153,845	P 153,846 and above
Prescribed Withholding Tax	0.00	0.00	P 432.60	P 1,971.20	P 7,740.45	P 42,355.65
		+ 15% over P 4,808	+ 20% over P 7,692	+ 25% over P 15,385	+ 30% over P 38,462	+ 35% over P 153,846
SEMI-MONTHLY	1	2	3	4	5	6
Compensation Range	P 10,417 and below	P 10,417 – P 16,666	P 16,667 – P 33,332	P 33,333 – P 83,332	P 83,333 – P 333,332	P 333,333 and above
Prescribed Withholding Tax	0.00	0.00	P 937.50	P 4,270.70	P 16,770.70	P 91,770.70
		+ 15% over P 10,417	+ 20% over P 16,667	+ 25% over P 33,333	+ 30% over P 83,333	+ 35% over P 333,333
MONTHLY	1	2	3	4	5	6
Compensation Range	P 20,833 and below	P 20,833 – P 33,332	P 33,333 – P 66,666	P 66,667 – P 166,666	P 166,667 – P 666,666	P 666,667 and above
Prescribed Withholding Tax	0.00	0.00	P 1,875.00	P 8,541.80	P 33,541.80	P 183,541.80
		+ 15% over P 20,833	+ 20% over P 33,333	+ 25% over P 66,667	+ 30% over P 166,667	+ 35% over P 666,667

Section 2.80 Liability for Tax

Interest – There shall be assessed and collected on any unpaid amount of tax, interest at the rate of double the legal interest rate for loans or forbearance of any money in the absence of an express stipulation set by the Bangko Sentral ng Pilipinas from the date prescribed for payment until the amount is fully paid. Provided, that in no case shall the deficiency and the delinquency interest prescribed under Subsections (B) and (C) of Section 249 of the Tax Code, be imposed simultaneously.

Deficiency Interest – Any deficiency in the tax due, as the term is defined in this Code, shall be subject to the interest prescribed in Subsection (A) of Section 249 of the Tax Code, which interest shall be assessed and collected from the date prescribed for its payment until the full payment thereof, or upon issuance of a notice and demand by the Commissioner of Internal Revenue, whichever comes earlier.

Section 2.83.4 Substituted Filing of Income Tax Returns by Employees Receiving Purely Compensation Income

**CERTIFIED LIST
OF
EMPLOYEES
QUALIFIED FOR
SUBSTITUTED
FILING OF
ANNUAL
INCOME TAX
RETURN (AITR)**

**NOT LATER
THAN
FEBRUARY
28**

**CONCERNED BIR OFFICE
SHALL STAMP
“RECEIVED” THE
CERTIFIED LIST OF
EMPLOYEES QUALIFIED
TO AVAIL OF THE
SUBSTITUTED FILING OF
AITR, WHICH SHALL BE
TANTAMOUNT TO BIR
FORM 1700 (AITR) OF
THE QUALIFIED
EMPLOYEES**

Section 2.83.4 Substituted Filing of Income Tax Returns by Employees Receiving Purely Compensation Income

Individual **not qualified** for Substituted Filing of AITR :

1. Those deriving compensation from two or more employers concurrently or successively
2. Those income tax of which has not been withheld correctly;
3. Those deriving other non-business, non-professional-related income in addition to compensation income not otherwise subject to a final tax.
4. Individuals receiving purely compensation from a single employer with income tax due has been correctly withheld, but whose spouse falls any of the aforesaid items under (1), (2) and (3);
5. Non-resident aliens engaged in trade or business in the Philippines, deriving purely compensation income, or compensation income and other non-business, non-professional-related income.

Transitory Provisions

For individuals subject to expanded withholding tax under Section 2.57.2 of RR No. 2-98, as amended, but availing to be exempt from the said withholding must satisfy the following:

- A. The gross receipts/sales in a year must not exceed P250,000;
- B. The income of the said individual comes only from a lone payor;
- C. The individual must submit the “Sworn Declaration of Gross Receipts/Sales” not later than April 20, 2018, to his/her lone payor.

Transitory Provisions

What the income payor should do in case of receipt from individual payees of the “Sworn Declaration of Gross Receipts/Sales” ?

1. Execute Sworn Declaration and submit the same to the concerned RDO, with the List of Payees who submitted the “Sworn Declaration of Gross Receipts/Sales”;
2. Refund to the individual the excess tax withheld on income payments made prior to the issuance of RR 11-2018;
3. Issue the correct Certificate of Tax Withheld (BIR Form 2307); and
4. The list of payees who were refunded shall also be attached to the 1st Quarterly Withholding Tax Return

Tax Rates		If Graduated IT rates		If 8% IT rate	
Particulars	Tax	Taxability	WT	Taxability	WT
Gross P250,000 and below	IT	Taxable at 0%	Not subject	Exempt, if earnings from purely business/practice of profession; 8% if mixed income earner, based on gross sales/receipts & other non-operating income	No, for purely business; Yes, if mixed income earner
	BT	PT/VAT	Subject, if govt payor	Not subject to PT	Not subject
	Doc	Payee's Sworn Declaration		Payee's Sworn Declaration	
Above 250,000 to 3M	IT	Taxable at applicable grad rates on net income	Subject at applicable rates	8% on gross sales/receipts and other non-operating income; however, for purely business/practice – entitled to reduction of P250,000	Subject to applicable rate
	BT	PT/VAT	Subject, if govt payor	Not subject to PT	Not subject
	Doc	Payee's Sworn Declaration		Payee's Sworn Declaration	
Above P3M	IT	Subject to applicable rate	subject	Not entitled to avail	
	BT	VAT	Subject WT of VAT, if govt payor		

WITHHOLDING	FREQUENCY	FORMS/LISTS/CERTIFICATES	DUE DATES
W T Compensation	Monthly	1601C – Monthly Remittance Return of Income Taxes Withheld on Compensation	On or before the 10th day of the month following the month of withholding (eFPS filers on staggered basis depending on industry grouping)
	Annually	1604C - Annual Information Returns of Income Taxes Withheld on Compensation; Annual Alphalist of Employees Form 2316 – Certificate of Compensation Payment/Tax Withheld for Compensation Payment with or without Tax Withheld (for employees)	January 31 following the close of the taxable year
		Certified List of Employees Qualified for Substituted Filing of ITR with copies of Form 2316 (For large taxpayers-scanned copies of Form 2316 on storage media, i.e. usb, cd,etc)	On or before February 28 following the close of the taxable year
Expanded WT	Monthly (1st two months of the quarter)	0619E – Remittance of Creditable Income Taxes Withheld (Expanded)	On or before the 10th day following the close of the month (eFPS filers on staggered basis depending on industry grouping)
	Quarterly	1601EQ – Quarterly Remittance Return of Creditable Income Taxes Withheld; Quarterly Alpha list of Payees (QAP) Form 2307-Certificate of Creditable Tax Withheld at Source (for payees)	On or before the end of the month following the close of the quarter On or before the 20th day after the close of the quarter or upon demand of the payee
	Annually	1604E- Annual Information Return of Creditable Income Taxes Withheld (Expanded)/Income Payments Exempt from Withholding Tax; Annual Alphalist of Payees	March 1 following the close of the taxable year

WITHHOLDING	FREQUENCY	FORMS/LISTS/CERTIFICATES	DUE DATES
Final WT	Monthly (1 st two months of the quarter)	0619F – Monthly Remittance Form of Final Income Taxes Withheld	On or before the 10th day following the close of the month (eFPS filers on staggered basis depending on industry grouping)
	Quarterly	1601FQ – Quarterly Remittance Return of Final Income Taxes Withheld; Quarterly Alphalist of Payees (QAP)	On or before the end of the month following the close of the quarter
		Form 2306- Certificate of Final Tax Withheld at Source (for payees)	On or before the 20th day after close of the quarter or upon demand of payee
	Annually	1604F – Annual Information Return on Final Income Taxes Withheld; Annual Alphalist of Payees	January 31 following the close of the taxable year
Final WT on Interest paid on deposit, etc.	Quarterly	1602Q – Quarterly Remittance Return of Final Income Taxes Withheld on Interest Paid on Deposit and Deposit Substitutes/Trusts/etc.	On or before the end of the month following the close of the quarter
Final WT on Fringe Benefits	Quarterly	1603Q – Quarterly Remittance Return of Final Income Taxes Withheld on Fringe Benefits Paid to Employees Other Than Rank and File; Annual Alphalist of Employees with Fringe Benefits	On or before the end of the month following the close of the quarter
Government Money Payments	Monthly	1600 – Monthly Remittance Return of Value-Added Tax and Other Percentage Taxes Withheld	On or before the 10th day following the close of the month
	Quarterly	Form 2307 – Certificate of Creditable Tax Withheld at Source (for payees) Form 2306 – Certificate of Final Tax Withheld at Source (for payees)	On or before the 20th day after the close of the quarter or upon demand of the payee

Sworn Declarations

1. **Annex A:** Affidavit-Declaration that No Professional Fee Has Been Charged by Medical Practitioner
2. **Annex B-1:** Income Payee's Sworn Declaration of Gross Receipts/Sales (For Self-Employed and/or Engaged in the Practice of Profession with Several Income Payors)
3. **Annex B-2:** Income Payee's Sworn Declaration of Gross Receipts/Sales (For Self-Employed and/or Engaged in the Practice of Profession with Lone Income Payor)
4. **Annex B-3:** Income Payee's Sworn Declaration of Gross Receipts/Sales (For Non-Individual Taxpayer with Several Income Payors)
5. **Annex C:** Income Payor/Withholding Agent's Sworn Declaration
6. **Annex F:** Certification