



# TAX UPDATES AND REMINDERS

Presented at the 3<sup>rd</sup> PAGBA Quarterly Summit and Meeting  
17 November 2023 / Cebu City



# UPDATES

## Revenue Regulations (RR) No. 12-2023 – Exemption from Issuance of Receipts

- ❖ Implements Sec. 237 of the National Internal Revenue Code of 1997
- ❖ Exempts Agricultural Producers from the requirement to issue receipts or invoices
  - Provided that Gross Sales / Receipts do not exceed ₱1 Million (1,000,000.00)



# UPDATES

## Revenue Memorandum Circular (RMC) No. 47-2023 – Time of Remittance of Withholding Taxes by NGAs, LGUs, etc.

- ❖ Reiterates the correct time of remittance of Withholding Taxes by National Government Agencies (NGAs) and Instrumentalities, Local Government Units (LGUs); and Government-Owned or Controlled Corporations (GOCCs)
  
- ❖ The tax should be deducted and withheld by the payor when the income payment is:
  - Paid or payable; or
  - Accrued or recorded as an expense or asset (whichever is applicable) in the payor's books, *whether or not it has been paid,*  
**whichever comes first.**



# REMINDERS

## For the Time of Withholding

- ❖ The *accrual basis of accounting* should be used by NGAs and LGUs
- ❖ Prescribed by the COA since 2002, pursuant to the Philippine Public Sector Accounting Standards
- ❖ Some government entities still make use of the cash basis of accounting



# REMINDERS

## For Income Payments Subject to Expanded Withholding Tax (EWT)

- ❖ Under the TRAIN Law, and as mandated under RR No. 11-2018, the tax rates for Professional / Talent Fees for services rendered by Individuals are:
  - a. Five percent (5%), if Gross Income for the year is less than ₱3 Million (3,000,000.00)
  - b. Ten percent (10%):
    - If Gross Income exceeds ₱3 Million (3,000,000.00), or
    - If the individual is VAT-registered, regardless of the amount of Gross Income



# REMINDERS

## For Income Payments Subject to Expanded Withholding Tax (EWT)

- ❖ The tax rates for Professional / Talent Fees for services rendered by Taxable Juridical Persons are:
  - a. Ten percent (10%), if Gross Income for the year is ₱720,000.00 or less
  - b. Fifteen percent (15%), if Gross Income exceeds ₱ 720,000.00



# REMINDERS

## For Income Payments Subject to Expanded Withholding Tax (EWT)

- ❖ To determine the rate of EWT to be used for Professional / Talent Fees, individual payees MUST submit:
  - **Annex B1 of RR No. 11-2018:** Income Payee's Sworn Declaration of Gross Receipts / Sales [For Self-Employed and/or Engaged in the Practice of Profession with Several Income Payors]; or,
  - **Annex B2 of RR No. 11-2018:** Income Payee's Sworn Declaration of Gross Receipts / Sales [For Self-Employed and/or Engaged in the Practice of Profession with Lone Income Payor]

together with a copy of the *Certificate of Registration (BIR Form 2303)* to the Withholding Agent / Payor **on or before January 15 of each year**, or prior to the initial payment of income



# REMINDERS

## For Income Payments Subject to Expanded Withholding Tax (EWT)

- ❖ To determine the rate of EWT to be used for Professional / Talent Fees, juridical payees MUST submit:
  - **Annex B3 of RR No. 11-2018:** Income Payee's Sworn Declaration of Gross Receipts Sales (For Non-Individual Taxpayer with Several Income Payors)

together with a copy of the *Certificate of Registration (BIR Form 2303)* to the Withholding Agent / Payor **on or before January 15 of each year**, or prior to the initial payment of income





# REMINDERS

## For Income Payments Subject to Expanded Withholding Tax (EWT)

- ❖ For EWT on Professional / Talent Fees, Income Payors / Withholding Agents MUST:
  - Execute a Sworn Declaration (Annex C of RR No. 11-2018); and,
  - Submit the Declaration to the BIR **on or before January 31 each year.**



# REMINDERS

## For Other Income Payments Subject to Expanded Withholding Tax (EWT)

- ❖ For income payments to certain contractors – Two percent (2%), on gross payments to the following contractors, whether individual or corporate:
  - General Engineering Contractors
  - General Building Contractors
  - Specialty Contractors
  - Other Contractors



# REMINDERS

## For Other Income Payments Subject to Expanded Withholding Tax (EWT)

- ❖ For income payments made by a government office (national or local) and GOCCs, to their local suppliers of goods / services:
  - **One percent (1%)** – to Suppliers of Goods
  - **Two percent (2%)** – to Suppliers or Services
- ❖ For income payments made by Joint Ventures / Consortiums:
  - **One percent (1%)** – to Suppliers of Goods
  - **Two percent (2%)** – to Suppliers or Services
- ❖ For the share of co-venturers / consortium members from the net income of the joint venture / consortium that is not taxable as a corporation – Fifteen percent (15%) on such net income, prior to its actual or constructive distribution



## OFFICERS RESPONSIBLE FOR PENALTIES FOR LATE FILING / LATE REMITTANCE (RMC No. 23-2012)

UNIT	RESPONSIBLE OFFICER(S)		
Barangays	Barangay Treasurer		Barangay Captain
Cities	City Treasurer	Chief Accountant	City Mayor
Municipalities	Municipal Treasurer	Chief Accountant	Mayor
Provinces	Provincial Treasurer	Chief Accountant	Governor
Bureaus Departments Agencies Instrumentalities GOCCs Other Gov't. Offices	Chief Accountant	Head Office (Official Holding the Highest Position)	



To request a briefing on  
Withholding Tax matters, please contact:

## **The MISCELLANEOUS OPERATIONS MONITORING DIVISION**

**[momd@bir.gov.ph](mailto:momd@bir.gov.ph)**

- or -

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**(Division Chief)**

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