

AMENDING PERTINENT PROVISIONS OF REVENUE REGULATIONS NO. 6-82, AS LAST AMENDED, BY REVENUE REGULATIONS NO. 1-92 ON THE APPLICABILITY/EFFECTIVITY OF THE INCREASED BASIC PERSONAL ...

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SECTION 1. Scope. - Pursuant to Sections 245 and 72 of the National Internal Revenue Code in relation to Republic Act No. 7167, these Regulations are hereby promulgated amending the date of effectivity/applicability of the increased basic personal and additional exemptions as provided for under RA 7167, from January 1, 1992 to January 1, 1991, in accordance with the Supreme Court Decision in the consolidated cases of Reynaldo V. Umali et. al. vs. Secretary of Finance and the Commissioner of Internal Revenue, G.R. No. 104037 and Rene B. Gorospe, et. al. vs. Commissioner of Internal Revenue, G.R. No. 104069, promulgated May 29, 1992.

SECTION 2. Section 7 of Revenue Regulations No. 6-82, as amended by Revenue Regulations No. 1-92 is hereby further amended to read as follows:

"SECTION 7. Requirement of Withholding

X X X X X X X X

1. Withholding of Tax on Compensation paid to resident employees.

a. In general, an employer making payment of compensation shall deduct and withhold from such compensation a tax determined in accordance with the prescribed Revised Withholding Tax Tables, effective January 1, 1991 (Annex "A"[*]).

X X X X X X X X

SECTION 3. Section 8 of Revenue Regulations No. 6-82, as amended by Revenue Regulations No. 1-92, is hereby further amended to read as follows:

"SECTION. 8. Right to claim the following exemptions."

"X X X."

Each employee shall be allowed to claim the following amount of exemptions (Sec. 29 (1), NIRC as amended by R.A. 7167) with respect to compensation paid on or after January 1, 1991:

a. Basic personal exemption:

For single individual or married individual judicially decreed as legally separated with no qualified dependents

.....

P9,000

For head of a family

12,000

For married individual

18,000

Husband and wife electing to compute their income tax separately shall be entitled to a personal exemption of P9,000 each.

b. Additional exemption - Taxpayers with dependents - A married individual or a head of family shall be allowed an additional exemption of Five thousand pesos (P5,000) for each qualified dependent child, provided that the total number of dependents for which additional exemptions may be claimed shall not exceed four (4) dependents.

The additional exemption for dependents shall be claimed by only one of the spouses in the case of married individuals electing to compute their income tax liabilities separately.

A dependent means a legitimate, recognized natural or legally adopted child chiefly dependent upon and living with the taxpayer if such dependent is not more than twenty-one (21) years of age, unmarried and not gainfully employed or if such dependent, regardless of age, is incapable of self-support because of mental or physical defect.

c. Special Additional Personal Exemption - If the gross compensation income of single, married or legally separated individual, or head of family does not exceed the aggregate (combined compensation income of husband and wife) amount of Twenty Thousand Pesos (P20,000), he is further entitled to a special additional as personal exemption of Four Thousand Pesos (P4,000).

SECTION 4. Transitory Provisions

A. Recomputation of Tax due from employees for 1991 - The employer shall recompute the tax due from each of their respective employees based on the employee's duplicate copy of his/her income tax return duly stamped received by the Bureau of Internal Revenue, adopting the increased basic personal and additional exemptions under Section 29(1) of the NIRC, as amended by R.A. 7167.

The recomputation shall be as follows:

Gross compensation income (1991)
Less: Exemptions (use increased exemptions under RA 7167)
Taxable Income
Adjusted Tax due Less: Tax withheld (1991)
Excess Tax Withheld/collectible amount
Add/Deduct TAXPAID per 1991 ITR, if any
Adjusted refundable/collectible amount

In no case shall employers recompute the adjusted tax due of their employees who could not present duplicate file copies of their 1991 1701A income tax returns duly stamped received by the BIR.

In the case of husband and wife who filed consolidated income tax returns for purely compensation income, the adjusted tax due refers to the tax due of each on their respective taxable compensation incomes per consolidated return; and the Tax paid per 1991 ITR if any, shall be added to the excess tax withheld or deducted from the collectible amount due to/from each of their respective taxable compensation incomes. (See Sample Computation, Annex "B"[*])

B. Refund/Credit of excess income tax payments made by employer for 1991 -

- Any amount of tax previously withheld by the employer from an employee whose compensation income is no longer subject to Withholding Tax on Wages effective January 1, 1991, shall be refunded by the employer to the employee immediately and not later than January 10, 1993. In turn, the total amount actually refunded by the employer to his employee shall be repaid from the remittable amount of taxes withheld for the current month in which refund was made and in succeeding months until the overwithheld tax is fully repaid.
- Any excess of tax withheld for 1991 over the adjusted tax due and tax paid for 1991 shall be credited by the employer against the tax required to be withheld from the compensation of the employee beginning September 1992 and the succeeding months.
- If upon recomputation by the employer, the employee is still liable to pay additional income tax, the employer shall reflect the adjusted collectible amount in the Amended Alpha List.

C. Report of Refunds and Credits - The employer/withholding agent shall submit a Report of the recomputation made in an Amended Alpha List of all employees whose 1991 income tax were recomputed showing the name and TIN of the employees, the recomputation and other information in accordance with the attached format (Annex "C"[*]) to the Revenue District Office (RDO) under whose jurisdiction the withholding agent is located, not later than October 30, 1992, for verification of the correctness of the mathematical computation made by said employer together with the following supporting documents:

- Copy of BIR Form W-3 (ANNUAL RETURN OF INCOME TAX WITHHELD ON COMPENSATION) duly received by the BIR showing details of payments of taxes withheld and remitted for 1991.
- Copy of monthly Withholding Tax Return (BIR Form 1743. W) for September, 1992 where credit of excess taxes withheld for 1991 was initially made duly validated by the bank or in places where there are no accredited banks, a certified copy of the Revenue Official Receipt (ROR).
- Copy of income tax returns of employees duly stamped received by the BIR.

SECTION 5. Repealing Clause. - All existing rules and regulations or parts thereof which are inconsistent with the provisions of these regulations are hereby revoked.

SECTION 6. Effectivity. - These regulations shall take effect fifteen (15) days after publication in a newspaper of general circulation in the Philippines or in the Official Gazette and shall cover compensation income of individuals earned beginning January 1, 1991.

Adopted: 9 July 1992

(SGD.) RAMON R. DEL ROSARIO, JR.
Secretary of Finance

[*] See Appendix "1" Revised Daily Withholding Taxable on pp. 397-400.

[*] See Appendix "2" Sample Computation on pp. 401-403

[**] See Appendix "3" Amended Alphabetical List for 1991 on p. 404.

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