AMENDMENTS TO SECTIONS 1, 2, and 9 OF REVENUE REGULATIONS NO. 6-85

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Pursuant to the provisions of Section 245, in relation to Section 50(b), both of the National Internal Revenue Code, these regulations are issued to amend the Sections 1, 2, and 9 of Revenue Regulations No. 6-85, as amended.

SECTION 1. Section 1 of Revenue Regulations No. 6-85 is hereby amended to read as follows:

> "Section 1. Income Payments Subject to Creditable Withholding Tax and Rates Prescribed Thereon. Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines:
>
> "(c) Rentals.
>
> (i) Business Property – Where the gross rental paid or payable for the continued use or possession of real property to which the payor or obligor has not taken or is not taking title or in which he has no equity amounts to at least five hundred pesos (P500.00) – five per centum (5%);
>
> (ii) Non-Business/Residential Property – Where to gross monthly rental paid or payable by the lessee for the use or possession of real property amounts to at least ten thousand pesos (P10,000.00) – five per centum (5%);
>
> "(k) Gross selling price or total amount of consideration or its equivalent paid or payable to the seller/owner for the sale, exchange or transfer of motor vehicles, whether brand new or second hand – two percent (2%). However, if the motor vehicle sold, exchange or transferred is of 1978 or earlier model and sold for P50 ,000 or less, no withholding tax shall be imposed thereon."

SECTION 2. Section 2(a) of Revenue Regulations No. 6-85 is hereby amended to read as follows:

> "Section 2. Persons Required to Deduct and Withhold. The following persons are hereby constituted as withholding agents for purposes of the tax required to be withheld on income payments enumerated in the preceding section:
>
> "(a) An individual, with respect to payments made in connection with his trade or business. However, in the following transactions, an individual shall be constituted as withholding agent although the payment is made not in connection with his trade or business:
>
> "(i) Sale, exchange or transfer of real property specified in Section 1(j);
>
> "(ii) Sale, exchange or transfer of motor vehicles specified in Section 1(k); and
>
> "(iii) Lease of real property used for residential purposes specified in Section 1(c).

In (i) and (ii) above, the individual withholding agent need not register as such. But lessees in (iii) above should register as withholding agents since they are to pay rental to the lessor on a regular or periodic basis"

SECTION 3. Section 9 of Revenue Regulations No. 6-85 is hereby amended to read as follows:

Section 9. (a) Requirement for Deductibility – Any income payment, which is otherwise deductible under

Sections 29 and 54 of the Tax Code, as amended, shall be allowed as deduction from the payor's gross income only id it is shown that the tax required to be withheld has been paid to the Bureau of Internal Revenue in accordance with Sections 50, 51, 72, and 74 also of the Tax Code.

> (b) Requirement for Registration of Motor Vehicle – In order ensure the withholding and remittance of the creditable tax imposed in these regulations, no motor vehicle shall be registered by the Land Transportation Office without the Certificate Authorizing Registration (CAR), indicating the Payment Order/Confirmation Receipt or Official Receipt numbers, date of payment, and amount of creditable withholding tax, issued by the appropriate Revenue District Officer."

SECTION 4. These regulations shall take effect on December 1, 1990.

Adopted: 15 Oct. 1990 .

(SGD.) JESUS P. ESTANISLAO

(SGD.) JOSE U. ONG

Secretary of Finance

Commissioner of Internal Revenue

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