CREDITABLE WITHHOLDING TAX ON INCOME PAYMENTS BY TOP 5,000 CORPORATIONS

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For the information and guidance of all revenue officials, employees and others concerned, Section 1(n) of Revenue Regulations No. 6085, as amended by Revenue Regulations No. 12-94, prescribes withholding of a creditable income tax on income payments made by any of the top 5,000 corporations, as follows:

> "(n) Income payments by top 5,000 corporations. — Income payments made by any of the top five thousand (5,000) corporations, as determined by the Commissioner of Internal Revenue, to their local suppliers of goods - one percent (1%)

1. The term "goods" pertains to tangible personal property. It does not include intangible personal property as well as real property.

2. The term "local suppliers of goods" pertains to a supplier from whom any of the top 5,000 corporations, as determined by the Commissioner, regularly makes its purchases of goods. As a general rule, this term does not include a casual purchase of goods, i.e. not from regular suppliers and oftentimes involving single purchases, unless the amount of purchase, at any one time, involves P100,000 or more, in which case, such purchase of goods shall be subject to the withholding tax.

3. A corporation shall not be considered a withholding agent for purposes of Section 1(n) of Revenue Regulations No. 6-85, as amended by Revenue Regulations No. 12-94, unless such corporation has been determined and duly notified in writing by the Commissioner that it has been selected as one of the top 5,000 corporations.

4. Any corporation which has been duly classified and notified as a large taxpayer by the Large Taxpayers Division of the BIR shall be considered one of the top 5,000 corporations provided, however, that its authority as a withholding agent shall be effective only upon receipt of written notice from the Commissioner that it has been classified as one of the top 5,000 corporations for purposes of these regulations.

5. The withholding agent shall remit the herein taxes withheld and file the required withholding tax return within the tenth (10th) day of the following month through duly accredited agent banks in places covered by the New Payment Control System (NPCS) or the Collection Agent or duly authorized treasurer of the municipality where the aforesaid withholding agent's legal residence or principal place of business is located.

6. The withholding agent shall submit on a semestral basis a list of its regular suppliers of goods to the Revenue District Office having jurisdiction over the withholding agent's principal place of business. Deadline for submission of the list shall be not later than June 30 and December 31 of each year hereafter.

7. It shall be the duty of the withholding agent to issue to the payee, whether individual or corporate, a withholding tax statement, using the prescribed BIR form therefor, showing the income payments made and the amount of taxes withheld therefrom. In general, the aforesaid withholding tax statement shall be issued to the aforementioned payee within fifteen (15) days following the close of the taxable quarter employed by the payee in filing his/its quarterly income tax return, which taxes withheld may be used as a credit against any income tax liability of the payee to the Government."

All internal revenue officials and others concerned are hereby enjoined to give this Revenue Memorandum Circular the widest publicity possible.

Adopted: 29 July 1994

(Sgd.) LIWAYWAY VINZONS-CHATO
Commissioner

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