

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

October 9, 2003

REVENUE MEMORANDUM ORDER NO. 34-2003

SUBJECT : Creation, Modification and Dropping of Alphanumeric Tax Codes (ATC) of Selected Revenue Sources Subject to Withholding Tax

TO : All Collection Agents, Revenue District Officers and Other Internal Revenue Officers Concerned

I. Objective :

To facilitate the proper identification and monitoring of Withholding Taxes based on BIR Form No. 1600, 1601 E, 1601F, 2306 and 2307, and for Integrated Tax System (ITS) purposes.

A. The following ATCs are hereby created:

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
Income Payments Subject to Final Withholding Taxes		
1. Capital Gains Tax on sale/exchange or other disposition of real property - Individual (6%)	RR 17-2003 Sec. 2.57.1 (A) (6)	WI 450
2. Capital gains tax on the sale/exchange or other disposition of land and building - Corporate (6%)	RR 17-2003 Sec. 2.57.1 (G) (5)	WC 450
Income Payments Subject to Creditable Withholding Taxes		
3. Income payments made to suppliers of Agricultural products - Individual (1%) - Corporate (1%)	RR 17-2003 Sec. 2.57.2 (S)	WI 610 WC 610
4. Income payments on purchases of minerals, mineral products and quarry resources - Individual (1%) - Corporate (1%)	RR 17-2003 Sec. 2.57.2 (T)	WI 630 WC 630

B. The following descriptions of ATCs are hereby Modified:

KIND OF TAXES		ISSUANCE/ LEGAL BASIS/ REASONS	ATC
Income Payments Subject to Creditable Withholding Taxes			
Existing Description	New Description		
Amounts paid to certain brokers and agents; i.e. customs, insurance, real estate and commercial brokers and fees of agents of professional entertainers (5%)	Gross commission or service fees of custom, insurance, stock, real estate, immigration and commercial brokers & fees of agents of professional entertainers - Individual (10%) - Corporate (10%)	RR 17-2003 Sec. 2.57.2 (G)	WI 140 WC 140
Professional fees paid to medical practitioners by Hospitals/Clinics	Payments for medical/dental/veterinary services thru Hospitals/ Clinics/Health Maintenance Organizations, including direct payments to service providers (10%)	RR 17-2003 Sec. 2.57.2 (I)	WI 151
Income payments made by government offices on their purchases of goods from local suppliers	Income payments made by the government to its local/resident suppliers of goods and services - Individual (2%) - Corporate (2%)	RR 17-2003 Sec. 2.57.2 (N)	WI 157 WC 157
Income payments made by top 5,000 corporations to local suppliers of goods	Income payments made by top 10,000 private corporations to their local/resident suppliers of goods - Individual (1%) - Corporate (1%) Income payments made by top 10,000 private corporations to their local/resident suppliers of services - Individual (2 %) - Corporate (2 %)	RR 17-2003 Sec. 2.57.2 (M)	WI 158 WC 158 WI 160 WC 160
Commission of independent and exclusive distributors, medical/technical and sales representatives and marketing agents of multi-level marketing	Commission, rebates, discounts and other similar considerations paid/granted to independent and/or exclusive sales representatives and marketing agents and sub-agents of companies - Individual (10%) - Corporate (10%)	RR 17-2003 Sec. 2.57.2 (O)	WI 515 WC 515

KIND OF TAXES		ISSUANCE/ LEGAL BASIS/ REASONS	ATC
Existing Description	New Description		
Tax on shares of stock sold or exchanged through initial public offering	Tax on shares of stock sold or exchanged through initial and secondary public offering	Per Memorandum of ACIR, TAS Dated April 9, 2003	WB 201
	not over 25% - 4 %		
	over 25% but not exceeding 33 1/3% - 2 %		
	over 33 1/3% - 1 %		WB203

C. The following ATCs are hereby dropped:

KIND OF TAXES		ISSUANCE/ LEGAL BASIS/ REASONS	ATC
1. On Capital Gains from sale of real properties (Capital Assets)		RR 17-2003 Sec. 2.57.1 (A) (6)	II 420
2. On Capital Gains from sale of real properties (Capital Assets)		RR 17-2003 Sec. 2.57.1 (G)(5)	IC 420
3. Tax on shares of stock sold or exchanged through secondary public offering		Per Memorandum of ACIR, TAS dated April 9, 2003	WB 206 WB 207 WB 208
- not over 25% - 4%			
- over 25% but not exceeding 33 1/3% - 2%			
- over 33 1/3% - 1%			
4. On services rendered by stock, real estate, commercial, customs, insurance and immigration brokers		RR 17-2003 Sec. 2.57.2 (G)	WB 210

II. Repealing Clause :

This Revenue Memorandum Order revises portions of all other issuances inconsistent herewith.

III. Effectivity :

This Revenue Memorandum Order shall take effect immediately.

(Original Signed)
GUILLERMO L. PARAYNO, Jr.
Commissioner of Internal Revenue