

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Quezon City

REVENUE REGULATIONS NO. 24-2003

**SUBJECT : Amending Pertinent Provisions of Revenue Regulations
No. 16-2003 Relating to the Taxation of Privilege Stores**

TO : All Internal Revenue Officers and Others Concerned

Section 1. Scope. – Pursuant to the provisions of Sections 6, 244 and 245, in relation to Sections 116 and 128 of the National Internal Revenue Code of 1997, these regulations are hereby promulgated to amend portions of Revenue Regulations No. 16-2003.

Section 2. SEC. 2 of the Revenue Regulations No. 16-2003 (Rev. Reg. 16-2003) is amended as follows:

“SEC. 2 DEFINITION OF TERMS. – For purposes of these Regulations:

(a) The term “*Privilege-Store*” refers to a stall or outlet, which is not registered with the Bureau of Internal Revenue (BIR), not permanently fixed to the ground, and is normally set up in places like shopping malls, hospitals, office buildings, hotels, villages or subdivisions, churches, parks, sidewalks, streets and other public places, for the purpose of selling a variety of goods/services for short durations of time or special events. Provided, however, that should the duration exceed six (6) months in any taxable year, then, it shall not be considered a privilege-store under these Regulations.

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(c) The term “*Privilege-Store Operator*” refers to the person or entity leasing from the lessor/owner or sub-leasing from the “*exhibitor*” or “*organizer*” a space upon which privilege-stores are erected for the purpose of selling goods or services during the entire duration of the lease contract.

Section 3. SEC. 3 of Rev. Reg. 16-2003 is amended to read as follows:

“SEC. 3. OBLIGATIONS OF THE EXHIBITOR/ORGANIZER AND PRIVILEGE-STORE OPERATORS TO THE BUREAU OF INTERNAL REVENUE. –

(A) Obligations of the Exhibitor or Organizer. –

(1) Obligation to Post in a Conspicuous Place the Certificate of Registration of the Organizer. – Every organizer or exhibitor is obliged to post its Certificate of Registration (COR) issued by the BIR

in a conspicuous place in the area or space devoted to the establishment of privilege-stores. If such organizer or exhibitor is not yet registered with the BIR, then such organizer/exhibitor must register with the BIR at least fifteen (15) days before the commencement of privilege stores activity and shall be valid within the calendar year.

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(3) **Obligation to Inform Revenue District Office. (RDO).** – The exhibitor/organizer, upon determination of the number and of the respective identities of those who have leased/sub-leased the spaces for the operation of privilege-stores shall have the duty, prior to the opening thereof and prior to the issuance of his/its COR by the BIR if it is not yet registered, to provide the Revenue District Office (RDO) having jurisdiction over the place where the operation of the privilege-store is held with the list of the names, residence addresses, stall number/slot in the privilege store outlet, location site of the privilege store outlet, individual Taxpayer Identification Number (TIN) of persons/entities participating in the event and the specific dates and duration when such operations shall be conducted. Participating sellers-retailers with regular or permanent places of business and which are registered already with the BIR should submit also a copy of its COR to the exhibitor.

(4) **Obligation to Ensure Presentation of Taxpayer Identification Number (TIN), the Remittance of Actual Withholding Tax Liabilities and of Advance Percentage Tax by the Privilege-Store Operator.** – Every organizer or exhibitor is obliged to demand from the privilege-store operator presentation of Taxpayer Identification Number and proof of payment of actual withholding tax due on its income payment, or of advance percentage tax due for payment prior to the actual operation of the privilege-store or prior to the start of the month to which the advance tax payment shall be applied.

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(B) Obligations of Privilege-Store Operators. –

(1) **Obligation to Deduct and Withholding the Expanded Withholding Tax on Rental Payments to Exhibitor /Organizer for Sub-Leased Spaces or Lessor/Owner of Leased Property.** - Every privilege-store operator shall, upon accrual or payment of rentals of sub-leased spaces to the exhibitor/organizer or lessor/owner of leased property, withhold tax on rentals at the rate prescribed in Revenue Regulations No. 2-98, as amended [5% of the gross amounts], unless later amended, which shall be remitted/paid on or before the 10th day of the following month using the Monthly Remittance Return of Creditable Income Taxes Withheld (Expanded) [BIR Form No. 1601 E], except for taxes withheld for the month of December of each year, which shall be filed on or before January 15 of the following year pursuant to RR No. 2-98, as amended. For those who would be filing using the Electronic Filing and Payment System (EFPS), the regulations pertaining to EPS filers shall apply. If the privilege-store

operator does yet have a TIN, then, it must apply for a TIN with the RDO having jurisdiction over the privilege-store activity/event.

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- (2) **Obligation to Pay Advance Percentage Tax.** – Every privilege-store operator shall pay percentage tax in advance as prescribed in Section 4 hereof, which shall be paid to the BIR, through the Authorized Agent Bank (AAB) or Revenue Collection Officer (RCO), in the absence of an AAB, of the Revenue District Office (RDO) having jurisdiction over the place where such privilege-stores have been set up.

Such advance payment must be paid to the concerned AAB or RCO, in the absence of an AAB, on a monthly basis using BIR Form No. 0605 (Payment Form) on or before the first day on which the privilege store shall operate, and the first (1st) day of every month thereafter that it is in operation. Provided, however, that if the duration of the privilege-store is for less than one month, then the advance payment shall cover only said lesser period.”

Section 4. SEC. 4 of Rev. Reg. No. 16-2003 is hereby amended to read as follows:

“SEC. 4. IMPOSITION OF ADVANCE PAYMENT OF TAXES. – Unless the exhibit or business activity covers a lesser period, the following fixed amounts of percentage tax shall be imposed and collected on a monthly basis from the privilege-store operators in accordance with SEC. 3 (B) (2) hereof at the following rates:

- a. A percentage tax of One Hundred Fifty Pesos (P150.00) per day or Four Thousand Five Hundred Pesos (P4,500.00) per month on privilege-store, regardless of dimension, set up in airconditioned place/area or establishment located in a City or First Class Municipality during the entire duration that such privilege-store is allowed to operate.
- b. A percentage tax of One Hundred Pesos (P100.00) per day or Three Thousand Pesos (P3,000.00) per month on privilege-store, regardless of dimension, set up in non-airconditioned place/area or establishment located in a City or First Class Municipality during the entire duration that such privilege-store is allowed to operate.
- c. A percentage tax of Seventy Five Pesos (P75.00) per day or Two Thousand Five Hundred Pesos (P2,500.00) per month on privilege-store, regardless of dimension, set up in airconditioned place/area or

establishment located in a Municipality other than a First Class Municipality during the entire duration that such privilege store is allowed to operate.

- d. A percentage tax of Fifty Pesos (P50.00) per day or One Thousand Five Hundred Pesos (P1,500.00) per month on privilege-store, regardless of dimension, set up in non-airconditioned place/area or establishment located in a Municipality other than a First Class Municipality during the entire duration that such privilege store is allowed to operate.

The above-prescribed daily rates and manner and mode of payment, notwithstanding, the Commissioner may change the rates of the aforementioned tax paid in advance depending upon the business situation of the taxpayer, or upon request of the taxpayer duly supported with reasons or justification for the request, to be embodied in subsequent revenue regulations.”

Section 5. SEC. 5 of Rev. Reg. No. 16-2003 is hereby amended to read as follows:

“ **SEC. 5. CESSATION AS PRIVILEGE STORE.** - As “*Privilege-Store*” embraces only a business activity not registered with the BIR, upon registration by the privilege-store operator with the BIR and compliance with its bookkeeping requirements, the “*privilege-store*” then ceases to be so and shall thenceforth be governed by pertinent existing revenue laws and regulations.”

Section 6. SEC. 6 of Rev. Reg. No. 16-2003 is hereby amended by deleting its 2nd paragraph and revising the 1st paragraph, to read as follows:

“**SEC. 6. PROOF OF ADVANCE PAYMENT.** – The advance payment of percentage tax shall be evidenced by the duly validated copy of BIR Form No. 0605 and the Official Receipt/Deposit Slip issued by the AAB or the RCO, in the absence of an AAB, of the RDO having jurisdiction over the place where the privilege-store operates.”

Section 7. SEC. 7 of Rev. Reg. No. 16-2003 is hereby amended to read as follows:

“**SEC. 7. IMPLEMENTATION GUIDELINES.** For purposes of these Regulations, the following guidelines shall be observed:

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- (b) Based on the list provided by the exhibitor/organizer, the RDO shall recommend the issuance by the Regional Director of Mission Order/s directing the concerned RDO to deploy RCOs or Revenue Officers (ROs) who shall be in-charge in physically checking compliance by the exhibitor/organizer of his obligations imposed herein, and of monitoring and checking whether advance payments of business tax and actual payment of the withholding tax on rentals and other income

payments subject to withholding tax have been duly made by the operators of the privilege-stores.”

- (c) Unless the duration of the exhibit is for a period lesser than a month’s time, advance payment of percentage tax shall be on a monthly basis which shall be paid a week before the start of every month and remitted to the AAB or RCO, in the absence of an AAB, using BIR Form No. 0605 (Payment Form). In all cases, advance payment shall always be made within the week prior to the actual start of the exhibit. The advance payment shall be equal to the number of days of operation in a month’s time for which the advance payment shall be applied for.”

Section 8. Repealing Clause. – The provisions of revenue issuances that are inconsistent herewith are hereby repealed, modified or amended accordingly.

Section 9. Effectivity Clause. – The provisions of these Regulations shall take effect immediately after fifteen (15) days following publication in a newspaper of general circulation in the Philippines.

(Original Signed)
JOSE ISIDRO N. CAMACHO
Secretary of Finance

Recommending Approval:

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