

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

March 26, 2002

REVENUE REGULATIONS NO. 4-2002

SUBJECT: Amending the Due Dates for the Filing/Issuance of Certain BIR Tax Returns/Forms, Clarifying the Form Type to be Used on Certain Transactions and Prescribing Certain Attachments to Returns Filed.

TO: All Internal Revenue Officers and Others Concerned.

Section 1. Scope. - Pursuant to the provisions of Section 244 of the Tax Code of 1997 (Tax Code) in relation to Sections 57, 58, 105, 114, 128 and 245 of the Tax Code, these Regulations are hereby promulgated in order to: a) extend the time for the filing of the Monthly Percentage Tax Return, Monthly Value-added Tax (VAT) Declaration and the payment of the taxes due thereon; b) accelerate the deadline for the filing of the Quarterly Remittance Return of Final Income Taxes Withheld on Fringe Benefits Paid to Employees Other than Rank and File; c) extend the time for the issuance of the Certificate of Creditable Tax Withheld at Source; d) clarify and prescribe the BIR Form No. and the due date for the filing of the Monthly Remittance Return of VAT and Other Percentage Taxes Withheld; and, e) prescribe certain attachments to returns filed.

Section 2. Time for Filing of Monthly Percentage Tax Return. - The Monthly Percentage Tax Returns (BIR Form No. 2551M) of taxpayers, whether large or non-large, shall be filed, and taxes paid, not later than the 20th day following the end of each month, provided, however, that with respect to taxpayers enrolled with the Electronic Filing and Payment System (EFPS), the deadline for e-filing the Monthly Percentage Tax Return and e-paying the tax due thereon shall be five (5) days later than the deadline set herein, provided, further, that for percentage tax returns/other returns required to be filed under Sections 120, 125, 126 and 127 of the Tax Code, they shall be filed within the periods stated in those sections.

Section 3. Time for Filing of Monthly VAT Declaration. - The Monthly VAT Declarations (BIR Form No. 2550M) of taxpayers, whether large or non-large, shall be filed, and taxes paid, not later than the 20th day following the end of each month, provided, however, that with respect to taxpayers enrolled with the Electronic Filing and Payment System (EFPS), the deadline for e-filing the Monthly VAT Declaration and e-paying the tax due thereon shall be five (5) days later than the deadline set herein. The declaration shall be accomplished only for the first two (2) months of each taxable quarter.

Section 4. Return to be filed by VAT and Percentage Tax Withholding Agents and Time for Filing BIR Form No. 1600. - The VAT and percentage tax withholding agents, whether large or non-large taxpayers, government or private, shall accomplish the Monthly Remittance Return of VAT and Other Percentage Taxes Withheld (BIR Form No. 1600) for the remittance of VAT and percentage tax withheld. The Monthly Remittance Return of VAT and Other Percentage Taxes Withheld, whether for the withholding of VAT or percentage tax by large and non-large taxpayers, shall be filed and payments made within 10 days following the end of the month the withholding was made; which deadline shall be extended for an additional five (5) days for taxpayers who are availing of the Electronic Filing and Payment System (EFPS) of the BIR from the time that the return is made available in the System (EFPS). However, the percentage tax on winnings and prizes imposed under Sec. 126 of the Tax Code that was withheld by the payor shall be remitted using BIR Form No. 1600-WP (Remittance Return of Percentage Tax on Winnings and Prizes Withheld by Racetrack Operators).

Thus, in the remittance of VAT withheld, whether creditable or final, the type of form to be used by the withholding agent is BIR Form No. 1600 and not BIR Form Nos. 2550M/2550Q (Monthly VAT Declaration/Quarterly VAT Return) which are the forms used by the income recipients in the declaration of their monthly/quarterly taxable and non-taxable sales/receipts.

With respect to VAT withheld on income payments made to non-residents, as provided in Section 6 hereof, the duly filed BIR Form No. 1600 and proof of payment thereof shall serve as sufficient basis for the claim of input tax to be applied against the output tax that may be due from the VAT-registered withholding agent. If the withholding agent is a non-VAT registered taxpayer, the passed-on VAT withheld shall form part of the cost of the service purchased or treated as expense, whichever is applicable.

Section 5. Time for Filing of Quarterly Remittance Return of Final Income Taxes Withheld On Fringe Benefits Paid to Employees Other than Rank and File. - The tax imposed under Sec. 33 of the Tax Code shall be treated as a final income tax on the employee that shall be withheld and paid by the employer, whether a large taxpayer or non-large taxpayer, on or before the 10th day of the month following the calendar quarter in which the fringe benefits were granted, provided, however that with respect to employers, whether Large or Non-Large Taxpayers, enrolled with the Electronic Filing and Payment System (EFPS), the deadline for e-filing the Quarterly Remittance Return of Final Income Taxes Withheld On Fringe Benefits Paid to Employees Other than Rank and File (BIR Form No. 1603) and e-paying the tax due thereon shall be five (5) days later than the deadline set herein.

Section 6. Time for Issuance of Certificate of Value-Added Tax Withheld At Source. - Every government withholding agent, whether a large or non-large taxpayer, shall furnish each seller of goods and services from whom value-added taxes have been deducted and withheld, the Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) to be accomplished in quadruplicate, the first three copies of which shall be given to the seller/payee not later than the 10th day of the following month. The fourth copy shall be the file copy of the withholding agent. The rule stated herein shall also apply to private payors/persons in control of the payment, whether large or non-large taxpayers, for: a) the lease or use of properties or property rights owned by

nonresidents; b) services rendered to local insurance companies, whether large or non-large taxpayers, with respect to reinsurance premiums payable to non-resident insurance or reinsurance companies; and c) services rendered in the Philippines by non-residents; but the certificate or statement to be issued is the Certificate of Final Tax Withheld at Source (BIR Form No. 2306) which should be issued upon request of the payee.

Section 7. Time for Issuance of Certificate of Percentage Tax Withheld At Source.-

Every withholding agent, whether a large or non-large taxpayer, shall furnish each:

- a. person exempt from VAT under Section 109(z) of the Tax Code and who is not a VAT-registered person and therefore subject to percentage tax, except cooperatives;
- b. domestic carrier and keeper of garage;
- c. international carrier;
- d. franchise holder of radio and/or television broadcasting whose annual gross receipts do not exceed P10 M and who are not VAT-registered taxpayers, and of electric, gas and water utilities;
- e. bank and non-bank financial intermediary;
- f. finance company;
- g. life insurance company;
- h. agent of a foreign insurance company;
- i. proprietor, lessee or operator of a cockpit, cabaret, night or day club, boxing exhibition, professional basketball game, jai-alai and racetrack; and,
- j. seller of shares of stock listed and traded through the local stock exchange or through initial and secondary public offering;

from whom percentage taxes have been deducted and withheld, the Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) to be accomplished in quadruplicate, the first three copies of which shall be given to the seller/payee not later than the 10th day of the following month. The fourth copy shall be the file copy of the government withholding agent. Nonetheless, for the percentage tax on winnings and prizes taxed under Sec. 126 of the Tax Code, withheld by the payor, the Certificate to be issued by the withholding agent, government or private, shall be the Certificate of Final Tax Withheld at Source (BIR Form No. 2306) which must be issued upon request of the payee.

Section 8. Payees' Submission of the Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) to the BIR. - For purposes of claiming or applying the creditable taxes withheld against the taxes due on the returns to be filed by the payee, he shall attach a copy of the Certificate of Creditable Tax Withheld at Source (BIR Form 2307) issued by the withholding agent to each of the following returns:

- a. In case of creditable income taxes withheld on individuals, a copy of the Certificate (BIR Form No. 2307) shall be attached to the Quarterly Income Tax Return (BIR Form No. 1701Q) and to the Annual Income Tax Return (BIR Form No. 1701);
- b. In case of creditable income taxes withheld on corporate payees, a copy of the Certificate (BIR Form 2307) shall be attached to the Quarterly Corporate Income

Tax Return (BIR Form No. 1702Q) and to the Annual Corporate Income Tax Return (BIR Form No. 1702);

c. In case of creditable VAT withheld, a copy of the Certificate (BIR Form No. 2307) shall be attached to the Monthly VAT Declaration (BIR Form No. 2550M) and also to the Quarterly VAT Return (BIR Form No. 2550Q);

d. In case of creditable Percentage Taxes withheld, a copy of the Certificate (BIR Form No. 2307) shall be attached to the Monthly Percentage Tax Return (BIR Form No. 2551M) or the Quarterly Percentage Tax Return (BIR Form No. 2551Q), whichever is the return that is applicable to the taxable transaction.

In addition to attaching the Certificate (BIR Form No. 2307) to the applicable return to be filed, a schedule summarizing the applied creditable withholding tax, as evidenced by the Certificate (BIR Form No. 2307), shall be attached as an integral part of the return. The schedule should show the following:

1. Payor's Name;
2. Nature of Income Payment;
3. Period Covered;
4. Tax Base;
5. Rate;
6. Applied Tax Withheld; and
7. Unapplied Tax Withheld in the Current Return Period.

Provided, however, that for taxpayers who are enrolled in EFPS, the filing of the Certificate (BIR Form NO. 2307) attached to the income tax returns (quarterly or annual), VAT declarations/returns (monthly or quarterly), and percentage tax returns by the taxpayer-payee shall be made in accordance with the rules set in the Revenue Regulations governing EFPS.

Section 9. Penalty Clause. -

a. Penalty for Failure to Issue the Certificate of Tax Withheld at Source.- Payors reported by the payees for not having issued the Certificate of Tax Withheld at Source, which report has been validated to be correct, shall be subject to mandatory audit on their withholding tax liabilities and to other appropriate sanctions under the Tax Code and applicable regulations.

b. Penalty for Violation of the Other Provisions of these Regulations. - Any violation of the other provisions of these Regulations shall be punishable under the pertinent provisions of the Tax Code and regulations.

Section 10. Transitory Provision. – Attachments of the Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) to the returns prescribed in Section 8 hereof shall take effect with respect to the monthly, quarterly or annual returns due to be filed after March 31, 2002, without prejudice to the application of existing rules on returns filed prior to March 31, 2002. The change in the due dates in the filing of returns/forms under Sections 2, 3, 4, 5, 6 and 7 hereof shall likewise apply to March 2002 returns/forms that are due for filing in April 2002, except for the due date of BIR Form No. 1603 for large and non-large taxpayers, and of BIR Form No. 1600 for

large taxpayers, which will be covered by these Regulations starting the quarter or month of April 2002.

Section 11. Repealing Clause. - The provisions of any revenue regulations, revenue memorandum order, revenue memorandum circular or any other issuance of the Bureau of Internal Revenue (examples: Sec. 4 of RR 1-98 ; Sec.4.114(C) of RR 2-98; RR 3-98; Sec. 4 and Sec. 6 of RR 6-2001; Sec. 5 of RR 12-2001; etc.) inconsistent with these Regulations are hereby repealed, amended, or modified accordingly. Thus, revenue regulations and other issuances, or portions thereof, not otherwise affected by these Regulations shall remain in full force and effect.

Section 12. Effectivity Clause. - These Regulations shall take effect immediately.

(Original Signed)
NIEVES L. OSORIO
Undersecretary and
Officer-in-Charge

Recommending approval:

(Original Signed)
RENÉ G. BAÑEZ
Commissioner of Internal Revenue