

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

January 16, 2003

**REVENUE MEMORANDUM ORDER NO. 1-2003**

**SUBJECT:** Creation of Alphanumeric Tax Codes (ATC) of Selected Revenue Sources Subject to Expanded Withholding Tax Per Revenue Regulations No. 14-2002

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

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**I. Objective :**

To facilitate the proper identification and monitoring of additional income payments subject to withholding tax based on BIR Form No. 1601E (Monthly Remittance Return of Creditable Income Tax Withheld – Expanded) and BIR Form No. 2307 (Certificate of Creditable Taxes Withheld at Source), and for Integrated Tax System (ITS) purposes, the following ATCs are hereby created:

| KIND OF TAXES   | ISSUANCE/ LEGAL BASIS/ REASONS | ATC    |
|---|--------------------------------|--------|
| <b>For Taxes on Net Income and Profit – Creditable Withholding Tax on:</b>  |                                |        |
| 1. Commissions of independent and exclusive distributors, medical/technical and sales representatives & marketing agents of multi-level marketing companies | RR 14 – 2002                   |        |
| • Individual (10% tax rate)   |                                | WI 515 |
| • Corporate (10% tax rate)  |                                | WC 515 |
| 2. Gross payments to embalmers by funeral parlors (1% tax rate)   | RR 14 – 2002                   | WI 530 |

| KIND OF TAXES  | ISSUANCE/ LEGAL BASIS/ REASONS | ATC    |
|--|--------------------------------|--------|
| <b>3. Payments made by pre-need companies to funeral parlors</b> | RR 14 – 2002                   |        |
| • Individual (1% tax rate)                                       |                                | WI 535 |
| • Corporate (1% tax rate)  |                                | WC 535 |
| <b>4. Tolling fee paid to refineries</b>                         | RR 14 – 2002                   |        |
| • Individual (5% tax rate)                                       |                                | WI 540 |
| • Corporate (5% tax rate)  |                                | WC 540 |

As amended by Sec. 2 of RR No. 14 – 2002, the scope of income payments subject to creditable withholding tax from rentals of real property was extended to rentals of personal properties; poles, satellites and transmission facilities; and billboards. No separate ATC shall be created for this purpose, instead the existing ATCs for rentals of real property (per RMO No. 14 – 1999) will be assigned and shall read as follows:

| KIND OF TAXES  | ISSUANCE/ LEGAL BASIS/ REASONS                                       | ATC    |
|--|--|--------|
| <b>I. Tax on Income</b>  |  |        |
| xxx  | Xxx  | xxx    |
| <b>B. Taxes Withheld</b>   |  |        |
| xxx  | Xxx  | xxx    |
| <b>2. Withholding at Source</b>  |  |        |
| a) Subject to creditable withholding tax   |  |        |
| <b>2) Rentals – on gross for the continued use or possession of real property, personal properties, poles, satellites &amp; transmission facilities, and billboards used in business which the payor or obligor has not taken or is not taking title or in which has no equity</b> | Sec. 2.57.2(C) of RR No. 2-98 as amended by Sec.2 of RR No. 14-2002. |        |
| • Individual (5%)  |  | WI 100 |
| • Corporate (5%)   |  | WC 100 |

**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