

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

REVENUE MEMORANDUM ORDER NO. 20-2011

SUBJECT : Revising the Format of the Monthly Report on Registration and Remittance of Withholding Taxes (BIR Form W-7) and the Manner And Procedures of Its Preparation, Thereby Amending Revenue Memorandum Order No. 72-98.

TO : All Internal Revenue Officers and Others Concerned

I. OBJECTIVES.-

This Order is issued:

1. To prescribe the revised Monthly Report on Registration and Remittance of Withholding Taxes (BIR Form W-7) for the purpose of monitoring and presenting withheld taxes remitted by type of withholding agent and nature of income payments subjected to withholding tax; and
2. To prescribe the procedures in accomplishing BIR Form W-7 in order to accurately capture reliable data for use by top management in policy-making.

II. REVISED FORMAT.-

The revised format of BIR Form W-7 (Annex "A") shall consist of eleven (11) schedules, namely:

1. Schedule A – Registration;
2. Schedule B – Total Amount of Taxes Remitted (by type of Payor);
3. Schedule C – Compensation Paid and Amount of Tax Withheld;
4. Schedule D – Amount of Creditable (Expanded) Taxes Withheld and Remitted (by type of Payor/Withholding Agent and by nature of income payments);
5. Schedule E – Amount of Final Taxes Withheld and Remitted (Regular Rates)(by type of Payor/Withholding agent and by nature of income payments);
6. Schedule F – Remittances Using BIR Form 1600;
7. Schedule G – Remittances of Top 5,000 Individuals;
8. Schedule H – Remittances of Top 20,000 Private Corporations;

9. Schedule I – Remittances of National Government Agencies (this category includes State Universities and Colleges);
10. Schedule J – Remittances of Local Government Units;
11. Schedule K – Remittances of Government-Owned and Controlled Corporations;
12. Schedule L – Details of withholding tax remittances using BIR Form 1606 (Sale of real properties classified as “ordinary assets”);
13. Schedule M – Details of Fringe Benefits Tax remitted.

III. GUIDELINES.-

1. Taxpayer Service Section (TSS) of the Revenue District Office shall be responsible in accomplishing Schedule A - columns A to E of the W-7 report since these pertain to the number of registered withholding agents (W/As) per type of withholding tax. TSS shall ensure that the beginning number of W/As per tax type shall be the ending number of the preceding month's report. The number of new registrants shall include W/As transferred from other Revenue District Offices.
2. Document Processing Section (DPS) shall be responsible in accomplishing Schedule B of the W-7 report. The amount of taxes withheld as indicated in the tax returns shall be captured, encoded and summarized by nature of income payments (by ATC) and by type of withholding agent (type of withholding agents indicated in the report format).
3. All other schedules comprising the W-7 report (Schedules C to K) must also be prepared by the DPS.
4. In accomplishing BIR Form W-7, detailed guidelines attached hereof as Annex “B”, shall be strictly followed.
5. It shall be the responsibility of the Revenue District Officer to ensure that the information provided by the TSS and DPS in the withholding tax reports using the prescribed format (BIR Form W-7) is accurate.
6. Call-up letters to be signed by the Assistant Commissioner of Collection Service shall be sent to the Regional Director, in case of failure of the Revenue District Offices under its jurisdiction to submit the required W-7 report on time.
7. Returned W-7 reports for reasons indicated in the return memo should be acted upon within fifteen (15) days from receipt and amended reports must be submitted within the same period.

IV. PROCEDURES.-

1. REVENUE DISTRICT OFFICE

a. Taxpayer Service Section:

1. Accomplish Schedule A of the W-7 report on or before the seventh (7th) day of the month and forward to DPS for consolidation with the other required schedules;

b. Document Processing Section:

1. Segregate or sort withholding tax returns by type of withholding tax (i.e., BIR Form 1601-C, 1601-E, 1602, 1603, 1606, 1600 and 1600-WP) and by type of withholding agents (i.e., individuals, top individual, corporations, top corporations, NGAs, GOCCs, LGUs, other government agencies).
2. Prepare Schedules C to F of the W-7 report.
3. Accomplish Schedule B of the W-7 report.
4. Capture, encode and summarize amount of taxes withheld and remitted as indicated in the withholding tax returns by Alphanumeric Tax Code (ATC).
5. Prepare Schedules G to M of W-7 report.
6. Submit to the Withholding Tax Division, copy furnished the Office of the Regional Director, duly-accomplished BIR Form W-7 on or before the 10th day of the month following the month of remittance. (i.e., for taxes withheld on January and remitted on February, 2010, report is due on or before the 10th of March, 2010 but the period to be reflected in the W-7 report shall be for February, 2010-the month of remittance).
7. Act immediately on returned reports for correction and further validation on the questioned items indicated in the previously-submitted reports as contained in the memorandum by the WTD.
8. Submit amended W-7 report within fifteen (15) days from receipt of the returned reports.

2. OFFICE OF THE REGIONAL DIRECTOR

- a. Receive call-up letter signed by the ACIR-Collection Service.
- b. Receive W-7 reports from all the Revenue District Offices (RDOs) under its jurisdiction.
- c. Monitor the timely submission of W-7 reports.
- d. Analyze and evaluate drastic changes in the collection of withholding taxes per type of withholding agent.

3. OFFICE OF THE ASSISTANT COMMISSIONER-COLLECTION SERVICE

- a. Sign call-up letters addressed to the Regional Director. The call-up letter shall indicate the concerned RDOs who failed to submit the W-7 report and other relevant reports submitted regularly to the Withholding Tax Division.
- b. Receive from the WTD the consolidated monthly report on collection of withholding taxes and submit the same to top management for decision-making purposes every thirtieth (30th) day of the month.

4. WITHHOLDING TAX DIVISION

a. Reports Monitoring and Evaluation Section (RMES):

1. Receive the W-7 reports coming from the regional offices and encode the summary reflected under Schedules A and B.
2. Record compliance and capture the data indicated under Schedules A and B.
3. Transmit W-7 to the Returns Processing and Evaluation Section (RPES) of the WTD. For reports amending previously-submitted reports, update the encoded/captured data, with footnotes (such as “based on amended report”).
4. Prepare call-up letters to be signed by the ACIR-CS addressed to the Regional Director, every twenty-fifth day following the end of the month (i.e., for report covering February, 2010, call-up letter shall be prepared on or before the 25th day of March, 2010).
5. Prepare consolidated report of withholding tax remittance per RDO and per type of withholding agent based on Schedules A and B of the report

and submit the same to the Collection Service every twenty-fifth (25th) day of the month following attached format (Annex "C").

b. Returns Processing and Evaluation Section (RPES):

1. Evaluate the data reflected in the reports.
2. For items which are apparently incorrect or not legible/clear, prepare a memorandum addressed to the concerned RDOs to be signed by the Chief of the WTD.
3. Forward the reports which passed the evaluation to the Withholding Agents' Compliance Monitoring Section (WACMS) for encoding.

c. Withholding Agents Compliance Monitoring Section (WACMS):

1. Encode in the "excel-file" of the WTD the detailed data reflected in schedules D to K;
2. Prepare the consolidated monthly report of withholding tax remittances per withholding agent type and per nature of income payment which shall be submitted to the Collection Service every twenty-fifth (25th) day of the month, following formats provided for schedules D to F. This report shall contain a notation that the figures reflected thereon pertains only to the reports submitted by concerned RDOs (show list of RDOs that were able to satisfactorily comply as of cut-off date).
3. Submit to the Collection Service the consolidated reports prepared by RMES and WACMS, every twenty-fifth (25th) day of the month.

- V. REPEALING CLAUSE.-** The provision of existing Revenue Memorandum Orders and other revenue issuances inconsistent with this Order are hereby amended, modified or repealed accordingly.
- VI. EFFECTIVITY.-** This Order shall take effect immediately and shall cover reports for the month of May, 2011 and onwards.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue