

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

September 30, 2002

**REVENUE MEMORANDUM ORDER NO. 25-2002**

**SUBJECT:** Deletion and Creation of Alphanumeric Tax Codes (ATCs) of Revenue Sources for Proper Classification of Taxes

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

**I. Objectives :**

To facilitate the proper identification and monitoring of Withholding Tax collections based on BIR Form No. 1606 (Withholding Tax Remittance Return for Onerous Transfer of Real Property Other Than Capital Asset-Including Taxable and Exempt), BIR Form 1600 (Monthly Remittance Return of Value-Added Tax and Other Percentage Taxes Withheld) and BIR Form No. 0605 ( Payment Form), and for Integrated Tax System (ITS) purposes, the following ATCs are hereby deleted and/or created:

**A. The following ATCs are hereby deleted:**

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>1. ATCs on Creditable Withholding Tax on Sale, Exchange or Transfer of Real Property Other Than Capital Assets, Sold by an Individual, Corporation, Estate, Trust :</b>	There are only two ATCs assigned for individual & corporate creditable withholding taxes across four tax rates. For proper monitoring of collection from this source, each tax rate for individuals & corporations will have separate ATCs	
a. Individual (1.5%, 3%, 5%, 7.5%)		WI 155
b. Corporate (1.5%, 3%, 5%, 7.5%)		WC 155

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>2.On Percentage Taxes Withheld:</b>		
<b>a. Tax on banks and non-banks financial intermediaries - on interest, commissions and discounts paid to banks and non-bank financial intermediaries arising out of lending activities as well as financial leasing , on basis of the remaining maturities of the instrument. Tax rates: 5%, 3%, 1%, 0%.</b>	For purposes of proper monitoring of collections on percentage tax withheld, the existing ATC across all rates should be deleted. Separate ATCs must be assigned per rate	WB101
<b>b. Tax on finance companies – on interest, commissions and discounts paid from their loan transactions from finance companies as well as financial leasing based on the remaining maturities of the instrument. Tax rates: 5%, 3%, 1%, 0%.</b>	-do-	WB112
<b>c. Tax on agents of foreign insurance companies. Tax rates: 5% and 10%</b>	-do-	WB120
<b>d. Tax on sale, barter or exchange of shares of stock:</b>	-do-	
<ul style="list-style-type: none"> <li>• Sale or exchange through initial public offering - Tax rates: 1%, 2%, 4%</li> </ul>		WB201
<ul style="list-style-type: none"> <li>• Sale or exchange through secondary public offering - Tax rates: 1%, 2%, 4%</li> </ul>		WB202

**B. The following ATCs are hereby created:**

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>1. Creditable Withholding Tax on Sale, Exchange or Transfer of Real Property Other Than Capital Assets, Sold by an Individual, Corporation, Estate, Trust:</b>	Sec. 2.57.2(J) of RR No. 2-98 as amended by RR No. 6-2001 and RR No. 12-2001	.
a. Individual		
• 1.5%		WI 555
• 3%		WI 556
• 5%		WI 557
• 6%		WI 558
b. Corporate		
• 1.5%		WC 555
• 3%		WC 556
• 5%		WC 557
• 6%		WC 558
<b>2. On Percentage Taxes Withheld:</b>		
<b>a. Tax on banks and non-banks financial intermediaries - on interest, commissions and discounts paid to banks and non-bank financial intermediaries arising out of lending activities as well as financial leasing , on basis of the remaining maturities of the instrument.</b>	Sec. 121 of RA 8424 Sec .5.116(a)(5)(a) of RR No. 2-98	
• Short term maturity ( not in excess of 2 yrs.) – 5% tax rate		WB301
• Medium –term maturity (over 2 yrs to 4 yrs.) – 3% tax rate		WB302
• Long-term maturity (over 4 yrs to 7 yrs) – 1% tax rate		WB303
• Over 7 years – 0% tax rate		WB304

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>b. Tax on finance companies – on interest, commissions and discounts paid from their loan transactions from finance companies as well as financial leasing based on the remaining maturities of the instrument:</b>	Sec. 122 of RA 8424 Sec .5.116(a)(5)(a) of RR No. 2-98	
• Short term maturity ( not in excess of 2 yrs.) – 5% tax rate		WB311
• Medium –term maturity (over 2 yrs to 4 yrs.) – 3% tax rate		WB312
• Long-term maturity (over 4 yrs to 7 yrs) – 1% tax rate		WB313
• Over 7 years – 0% tax rate		WB314
<b>c. Tax on agents of foreign insurance companies:</b>	Sec. 124 of RA No. 8424 Sec. 5.116 (A)(8) of RR No. 2-98 RR No. 4-2002	
• Insurance Agents – 10% tax rate		WB120
• Owner of the Property – 5% tax rate		WB121
<b>d. Tax on sale, barter or exchange of shares of stock:</b>		
• Sale or exchange through initial public offering :	Sec. 127(b) of RA No. 8424 Sec. 5.116(a)(11) of RR No. 2-98	
i) Not over 25% - 4% tax rate		WB201
ii) Over 25% but not exceeding 33 1/3% - 2% tax rate		WB202
iii) Over 33 1/3% - 1% tax rate		WB203
• Sale or exchange through secondary public offering :	Sec. 127(c) of RA No. 8424 in relation to RA No. 1051 & Sec. 5.11(a)(11) of RR No. 2-98	
i) Not over 25% - 4% tax rate		WB206
ii) Over 25% but not exceeding 33 1/3% - 2% tax rate		WB207
iii) Over 33 1/3% - 1% tax rate		WB208

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>3. On Fines and Penalties:</b>		
<b>Fines and Penalties on Monthly Percentage Tax Withheld (tax rate: 50%, 25%)</b>	Sec. 248 of RA No.8424 RR 2-98 as amended by RR 6-2001, RR 12-2001 and RR 4-2002	<b>FP041</b>

The existing ATC – **FP040** – under RMO No. 14-99 shall refer to the fines and penalties on **quarterly** percentage taxes and the new ATC – **FP041** – shall pertain to the fines and penalties on **monthly** percentage taxes.

## **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