

**[ BIR REVENUE REGULATION NO. 2-91, March 11, 1991 ]**

**AMENDMENTS TO SECTION 1 (K) OF REVENUE REGULATIONS NO. 8-90**

Pursuant to the provisions of Section 245, in relation to 50(b), both of the National Internal Revenue Code, this regulation is issued to amend Section 1 (k) of Revenue Regulations No. 8-90

Section 1 (k) of Revenue Regulations No. 8-90 is hereby amended to read as follows:

*"SECTION 1. Income payments subject to creditable withholding tax and rates prescribed thereon. Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines.*

*"(k) Gross selling price or total amount of consideration or its equivalent paid or payable to the seller/owner who is not the manufacturer thereof for the sale, exchange, or transfer of motor vehicles:*

- 1. For brand new vehicles – 1%; and*
- 2. For second hand vehicles – 2%*

*"Brand new vehicles" shall include only those sold, exchanged, or transferred by (a) motor vehicle manufacturers who are participants to the government's Car Development Program (CDP) or the Commercial Vehicle Development Program (CVDP), or (b) franchised dealers of the above manufacturers, to their first owners required to register the same in the Land Transportation Office. All other sales, exchanges, or transfers of motor vehicles shall be considered as sale of second-hand motor vehicle subject to two percent (2%). However, if the motor vehicle sold, exchanged, or transferred as a 1978 or earlier model and sold for P50,000 or less, no withholding tax shall be imposed thereon."*

This Regulation shall take effect immediately.

Adopted: 11 Mar. 1991

(SGD.) JESUS P. ESTANISLAO  
*Secretary of Finance*

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