

[BIR MEMORANDUM ORDER NO. 27-95, August 08, 1995]

REQUIRING ALL REVENUE DISTRICT OFFICERS TO CONDUCT SPOT CHECKING/VERIFICATION ON COMPLIANCE BY GOVERNMENT AGENCIES AND INSTRUMENTALITIES ON THE WITHHOLDING TAX LAWS AND REGULATIONS

This order is issued to maximize compliance with withholding tax rules and regulations by all government agencies and instrumentalities on government money payments pursuant to Republic Act No. 1051 and Republic Act No. 7469 as implemented by Revenue Regulations (RR) No. 4-88 and 10-93, respectively, as well as the creditable withholding taxes on Compensation (RR 4-93) and Expanded, (RR 6-85 as amended) and Final withholding taxes pursuant to Section 50 (a) of the Tax Code in relation to Sec. 21, 22, 24 and 25 of the same code are correctly and efficiently implemented considering that there are so many infrastructure projects that are being undertaken by concerned government offices, like the large amount spent at Mt. Pinatubo and other infrastructure projects coming from the funds (CDF) of Congressmen and Senators.

For this purpose, all Revenue District Officers, through the supervision of the Regional Directors, are hereby required to undertake the following activities during the remaining four (4) months of the calendar year and succeeding year/s thereafter which shall be included as part of their programs pursuant to Revenue Memorandum Order No. 65-94.

Activities

1) Conduct dialogue/seminars with officials of government agencies (i.e. Chief Accountants for National Government and Government-Owned or Controlled Corporations; Treasurers in cities, municipalities and provinces; and the Barangay Captains), giving particular attention to the following withholding taxes:

| Type of Withholding Taxes | Give Emphasis to |
|-------------------------------|---|
| a. COMPENSATION | Compliance year-end adjustment "TAX DUE = TAX WITHHELD scenario"(RR 6-82 as amended by RR 4-93) |
| b. EXPANDED WITHHOLDING TAXES | 1% withholding on Government Contracts (RR No. 6-85) 1% withholding on Government Purchases (RR No. 12-94) |
| c. FINAL WITHHOLDING TAXES | 30% Final withholding on payments |