

**[BIR (DOF) REVENUE REGULATION NO. 12-94,
June 27, 1994]**

**AMENDMENTS TO REVENUE REGULATIONS NO. 6-85, AS
AMENDED, OTHERWISE KNOWN AS THE EXPANDED
WITHHOLDING TAX REGULATIONS**

Pursuant to the provisions of Section 245, in relation to Section 50(b), both of the National Internal Revenue Code, these regulations, amending Sections 1, 2, 4, 6, and 10 of Revenue Regulations No. 6-85, as amended, are hereby promulgated.

SECTION 1. Section 1 of Revenue Regulations No. 6-85, as amended, is hereby further amended to read as follows:

Sec. 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.

xxx xxx xxx

(j) Gross selling price or total amount of consideration or its equivalent paid to the seller/owner for the sale, exchange or transfer of —

1. Real property, other than capital asset, by an individual, estate, trust, trust fund or pension fund or real property, whether held as capital or ordinary asset, by a corporation (a) not registered with the Housing and Land Use Regulatory Board (HLURB) as engaged in Socialized Housing projects under RA 7279; (b) the selling price of the house and lot or the lot only is not over P500,000.00, and (c) the seller/transferor is habitually engaged in the real estate business — one and one-half percent (1.5%);

2. Real property, other than capital asset, by an individual, estate, trust, trust fund or pension fund or real property, whether held as capital or ordinary asset, by a corporation (a) not registered with the HLURB as engaged in Socialized Housing projects under RA 7279; (b) the selling price thereof is over P500,000.00, but not over P2,000,000.00; and (c) the seller/transferor is habitually engaged in the real estate business — three percent (3%)

3. Real property, other than capital asset, by an individual, estate, trust, trust fund or pension fund or real property, whether held as capital or ordinary asset, by a corporation (a) not registered with the HLURB as engaged in Socialized Housing projects under RA 7279; (b) the selling price thereof is over P2,000,000.00, and (c) the seller/transferor is habitually engaged in the real estate business — five percent (5%)

4. Real property, other than capital asset, by an individual, estate, trust, trust fund or pension fund or real property whether held as capital or ordinary asset, by a corporation not habitually engaged in the real estate business — seven and one-half percent (7.5%).

For this purpose, the seller shall automatically be considered habitually engaged in the real estate business upon submission of a certificate of accreditation issued by the Chamber of Real Estate Builders Association, Inc. (CREBA); the National Real Estate Association (NREA); or the Subdivision and Housing Developers Association, Inc. (SHDA). Otherwise, the seller shall submit evidence showing that he is in fact habitually engaged in the real estate business.

xxx xxx xxx

(m) Certain income payments made by credit card companies. — On the gross amount paid by any credit card company in the Philippines to any business entity, whether a natural or juridical person, representing the sales of goods/services made by the aforesaid business entity to cardholders — one percent (1%);

(n) Income payments by top 5,000 corporations. — Income payments made by any of the top five thousand (5,000) corporations, as determined by the Commissioner of Internal Revenue, to their local suppliers of goods. — one percent (1%);

(o) Income payments by government. — Income payments made by a government office, national or local, including government-owned or controlled corporations, on their purchase of goods from local suppliers — one percent (1%).

In the case of a government-owned or controlled corporation which, at the same time, is listed as one of the top 5,000 corporations, it shall withhold the tax in its capacity as a government-owned or controlled corporations rather than as one of the top 5,000 corporations. Hence, only one percent of the amount paid for the purchase of goods from local suppliers shall be withheld by the subject payor.

SECTION 2. Section 2 of Revenue Regulations No. 6-85, as amended, is hereby amended to read as follows:

Sec. 2. Persons required to deduct and withhold. — The following persons are hereby constituted as withholding agents for purposes of the tax required to be withheld on income payments enumerated in the preceding section:

(a) An individual, with respect to payments made in connection with his trade or business. However, insofar as taxable sale, exchange or transfer of real property specified in Section 1(j) is concerned, individual buyers not engaged in trade or business are also constituted as withholding agents, but they need not register as such;

(b) In general, any juridical person, whether or not engaged in trade or business; and

(c) All government offices, including government-owned or controlled corporations, as well as provincial, city or municipal governments.