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

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January 4, 2018

# REVENUE MEMORANDUM CIRCULAR NO. 2-2018

**SUBJECT** : Transition Procedures for All Taxpayers Filing Tax Returns Affected by the Revised Tax Rates Pursuant to the Provisions of Republic Act (RA) No. 10963, Otherwise Known as the Tax Reform for Acceleration and Inclusion (TRAIN)

**TO** : All Internal Revenue Officials, Employees and Others Concerned

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In line with the implementation of the provisions of RA No. 10963 (known as TRAIN), various Bureau of Internal Revenue (BIR) Forms/Returns are being developed or enhanced. Some of the forms/returns being enhanced and the Alphanumeric Tax Codes (ATCs) affected are as follows:

| BIR Form No. | Form Name | ATC Affected | Changes in Tax Rate |
|---|---|---|---|
| 1. 1602 | Monthly Remittance Return of Final Income Taxes Withheld | WI 170 and WC 170 | From 7 ½% to 15% |
| 2. 1603 | Quarterly Remittance Return of Final Income Taxes Withheld | WF 320 | From 15% to 35% |
| 3. 2552 | Percentage Tax Return for Transactions Involving Shares of Stock Listed and Traded Through the Local Stock Exchange or Through Initial and/or Secondary Public Offering | PT 200 | From ½ of 1% to 6/10 of 1% |

The changes in tax rates mentioned above are not yet reflected and implemented in the following:

1. Electronic Filing and Payment System (eFPS)
2. Electronic Bureau of Internal Revenue Forms (eBIRForms); and
3. Manual Forms

thus, the following work around procedures in filing the said BIR forms/returns shall be adopted by:

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**A. eFPS filers shall -**

1. File online using the existing BIR form in the eFPS then pay online the corresponding taxes due thereon by proceeding to payment. The result of this transaction is deficiency tax;

2. To cover the deficiency tax, eFPS filers shall likewise file and pay online the deficiency tax using BIR Form No. 0605 and fill in the corresponding information in the Tax Type and ATC fields stated below in lieu of the correct BIR form that should have been used:

| Supposed BIR Form to be Used | Tax Type | ATC |
|---|---|---|
| 1. 1602 | WB Withholding Tax - Banks and Other Financial Institutions | All eFPS filers shall use ATC MC 031 – Deficiency Tax |
| 2. 1603 | WR Withholding Tax – Fringe Benefits | |
| 3. 2552 | ST Percentage Tax - Stocks | |

3. Once the enhanced versions of the aforesaid forms are available in eFPS, there will be a notification/announcement through a Revenue Memorandum Circular (RMC). Guidelines shall be issued accordingly if there is a necessity whether or not to amend the previously filed returns in eFPS.

**B. eBIRForms Users/Filers shall –**

1. File online using the existing BIR form in the eBIRForms Package then pay the corresponding taxes due thereon via:

   a) Online payment thru Gcash, Landbank Electronic Payment Service (LBEPS) or BIR-DBP PayTax Online (BDPTO); or

   b) Manual payment via over-the-counter (OTC) of Authorized Agent Banks (AABs) under the jurisdiction of the Revenue District Office (RDO) where the taxpayer is registered.

2. The above transactions will result to deficiency tax, and to cover the deficiency tax, eBIRForms users/filers shall likewise file online and pay online, thru GCash, LBEPS or BDPTO, or pay manually via OTC of AABs under the jurisdiction of the RDO where the taxpayer is registered, the deficiency tax using BIR Form No. 0605 and fill in the corresponding information in the Tax Type and ATC fields stated below in lieu of the correct BIR form that should have been used:

| Supposed BIR Form to be Used | Tax Type | ATC |
|---|---|---|
| 1. 1602 | WB Withholding Tax - Banks and Other Financial Institutions | All eFPS filers shall use ATC MC 031 – Deficiency Tax |
| 2. 1603 | WR Withholding Tax – Fringe Benefits | |
| 3. 2552 | ST Percentage Tax - Stocks | |

**C. Manual Filers shall –**

1. Fill-in the applicable BIR form [pre-printed or downloaded form in BIR website (www.bir.gov.ph) under the BIR Forms section of the website] using the new tax rates then compute the tax due thereon.
2. File and pay manually via OTC of AABs under the jurisdiction of the RDO where the taxpayer is registered.

All concerned taxpayers shall be responsible in ensuring that the correct tax due is being declared and paid for accordingly. Any deficiency taxes that will be discovered in the validation/audit process shall be subjected to all applicable penalties incident thereto in accordance with existing rules and regulations.

All concerned are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

**CAESAR R. DULAY**
Commissioner of Internal Revenue

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