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

philippines pay taxes

September 12, 2014

REVENUE MEMORANDUM CIRCULAR NO. 73-2014

SUBJECT : Clarification of Withholding Tax Rates on Dividend Payments to Philippine Central Depository (PCD) Nominees

TO : All Internal Revenue Officers and Others Concerned

For the information and guidance of all concerned, this Circular clarifies the appropriate withholding tax rates pertaining to dividend payments to PCD Nominees by the issuers of securities.

On the payment of dividends to PCD Nominees, a declaring corporation (issuer) is required to withhold appropriate taxes based on Sections 24(B)(2), 25(A) (2), 25(B), 27(D)(4), 28(A)(7)(d), and 28(B)(1) of the Tax Code in relation to Section 57 of the same Code.

In case of PCD Nominee- Filipino, unless it is satisfactorily shown that the actual equity investor is a domestic corporation, the income recipient is deemed to be an individual subject to final withholding tax of ten percent (10%) under Section 24(B)(2) of the Tax Code.

Further, in case of PCD Nominee- Non Filipino, unless it is satisfactorily shown that the actual equity investor is resident alien, non-resident alien whether engaged or not engaged in trade or business in the Philippines or resident foreign corporation, the income recipient is deemed to be a nonresident foreign corporation subject to final withholding tax of thirty percent (30%) under Section 28(B)(1) of the Tax Code.

All other issuances inconsistent herewith are hereby repealed or modified accordingly.

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

This Circular shall take effect immediately.

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
8:45 A.M.
SEP 15 2014
RECEIVED

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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BUREAU OF INTERNAL REVENUE
INTERNAL COMMUNICATIONS DIVISION
SEP 15 2014 3:00 P.M.
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