REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

January 14, 2004

REVENUE REGULATIONS NO. 1-2004

SUBJECT: **Amending Further Sec. 2.57.2(S) of Revenue Regulations No. 2-98, as Last Amended By Revenue Regulations No. 30-2003, Exempting Marginal Income Earners From Creditable Withholding Tax on Payments Made By Hotels, Restaurants, Resorts, Caterers, Food Processors, Canneries, Supermarkets, Livestock, Poultry, Fish and Marine Product Dealers, Hardwares, Factories, Furniture Shops, and All Other Establishments.**

TO: **All Internal Revenue Officers, Employees and Others Concerned.**

SECTION 1. SCOPE. - Pursuant to the provisions of Section 244, in relation to Sections 57(A) and (B) of the Tax Code of 1997, these regulations are hereby promulgated to further amend portions of Revenue Regulations No. 2-98, as last amended by Revenue Regulations No. 30-2003, exempting marginal income earners from creditable withholding tax on payments made by hotels, restaurants, resorts, caterers, food processors, canneries, supermarkets, livestock, poultry, fish and marine product dealers, hardwares, factories, furniture shops, and all other establishments.
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SECTION 2. INCOME PAYMENTS SUBJECT TO CREDITABLE WITHHOLDING TAX. - Sec. 2.57.2(S) of Revenue Regulations No. 2-98, as amended, is hereby further amended to read as follows:

> "***Sec. 2.57.2. Income payments subject to creditable withholding tax and rates prescribed thereon.*** –
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> xxx xxx xxx
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> (S) Income payments made to suppliers of agricultural products. - Income payments made to agricultural suppliers such as those, but not limited to, payments made by hotels, restaurants, resorts, caterers, food processors, canneries, supermarkets, livestock,

poultry, fish and marine products dealers, hardwares, factories, furniture shops and all other establishments, except for income payments to marginal income earners which, as defined in Revenue Regulations 11-2000 dated December 12, 2000; refer to individuals not otherwise deriving compensation as an employee under an employee-employer relationship, but who are self-employed and deriving gross sales/receipts not exceeding P100,000.00 during any 12-month period. – One percent (1%)

The term "agricultural suppliers" refers to suppliers/sellers of agricultural, forest and marine food and non food products, livestock and poultry of a kind generally used as, or yielding or producing foods for human consumption; and breeding stock and genetic materials therefore. "Livestock" shall include cows, bulls and calves, pigs, sheep, goats and other animals similar thereto. "Poultry" shall include fowls, ducks, geese, turkey and others similar thereto. "Marine products" shall include fish and crustaceans, such as but not limited to, eels, trout, lobsters, shrimps, prawns, oysters, mussels and clams, shells and other aquatic products.

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SECTION 3. REPEALING CLAUSE. - All existing revenue regulations and other issuances or portions thereof that are inconsistent herewith are hereby revoked, repealed or amended accordingly.

SECTION 4. EFFECTIVITY. - These regulations shall retroact to January 1, 2004.

(Original Signed)
JUANITA D. AMATONG
Secretary of Finance

Recommending Approval:

(Original Signed)
GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue