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

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December 27, 2018

REVENUE REGULATIONS NO. 1-2019

SUBJECT : ***Further Amending Certain Provisions of Revenue Regulations (RR) 2-98* as Amended by RR No. 11-2018, Which Implemented the Provisions of Republic Act 10963, Otherwise Known as Tax Reform for Acceleration and Inclusion (TRAIN) Law, Relative to Some Changes in the Rate of Creditable Withholding Tax on Certain Income Payments**

TO : **All Internal Revenue Officers and Others Concerned**

Pursuant to the provisions of Section 244 of the National Internal Revenue Code and the provisions of Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law, these regulations are hereby promulgated to implement the changes of creditable withholding tax rate under Section 57 of the Tax Code which provided that "beginning January 1, 2019, the rate of withholding shall not be less than one percent (1%) but not more than fifteen percent (15%) of the income payment."

SECTION 1. AMENDMENT. Section 2 of RR 11-2018 on the amendments to Section 2.57.2 of RR 2-98, as amended, is hereby further amended to read as follows:

"SECTION 2.57.2. 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:

(A) x x x

x x x x x x x x x

(P) MERALCO Payments on the following:

(1) MERALCO Refund arising from Supreme Court Case G.R. No. 141314 of April 9, 2003 to customers under Phase IV as approved by Energy Regulatory Board (ERC) – On gross amount of refund given by MERALCO to customers – *Fifteen percent (15%)*

(2) interest income on the refund of meter deposits determined, computed and paid in accordance with the "Rules to Govern Refund of Meter Deposits to Residential and Non-Residential Customers", as approved by the ERC under Resolution No. 8, Series of 2008, dated June 04, 2008 implementing Article 8 of the Magna Carta for Residential Electricity Customers and ERC resolution No, 2005-10 RM (Otherwise known as DSOAR) dated January 18, 2006, exempting all electricity consumers from the payment of meter deposit.

On gross amount of interest paid directly to the customers or applied against the customer's billings:

(i) Residential and General Service customers whose monthly electricity exceeds 200 kwh as classified by MERALCO – *Ten percent (10%)*

(ii) Non-Residential Customers – *Fifteen percent (15%)*

(Q) Interest income on the refund paid through direct payment or application against customer's billings by other electric Distribution Utilities (DUs) in accordance with the rules embodied in ERC Resolution No. 8, Series of 2008, dated June 04, 2008, governing the refund of meter deposits which was approved and adopted by ERC in compliance with the mandate of Article 8 of the Magna Carta for Residential Electricity Customers and Article 3.4.2 of DSOAR, exempting all electricity consumers, whether residential or non-residential, from the payment of meter deposit.

On gross amount of interest paid directly to the customers or applied against the customer's billings:

(i) Residential and General Service customers whose monthly electricity consumption exceeds 200 kwh as classified by the concerned DU – *Ten percent (10%)*

(ii) Non-Residential Customers – *Fifteen percent (15%)*

(R) x x x x x x x x x

(S) Interest income derived from any other debt instruments not within the coverage of 'deposit substitutes' and Revenue Regulations No. 14-2012, unless otherwise provided by law or regulations – *Fifteen percent (15%)*

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SECTION 2. REPEALING CLAUSE. All existing rules and regulations or parts thereof which are inconsistent with the provisions of these regulations are hereby revoked.

SECTION 3. EFFECTIVITY. These regulations are effective beginning January 1, 2019.

CARLOS G. DOMINGUEZ
Secretary of Finance
JAN 29 2019

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Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue
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