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

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November 4, 2020

REVENUE REGULATIONS NO. 31-2020

SUBJECT : Further Amending the Pertinent Provisions of Revenue Regulations (RR) No. 11-2018, as Previously Amended by RR No. 7-2019, Specifically on the Criteria for Identifying the Top Withholding Agents

TO : All Internal Revenue Officials, Employees and Others Concerned

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SECTION 1. SCOPE. – Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to further amend the provisions of Revenue Regulations (RR) No. 7-2019 which amends Section 2 of Revenue Regulations (RR) No. 11-2018, re: Amending Certain Provisions of Revenue Regulations No. 2-98, as Amended, to Implement Further Amendments Introduced by Republic Act No. 10963, Otherwise Known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law".

SEC. 2. AMENDATORY PROVISIONS. – The pertinent provisions of Section 2, RR No. 11-2018, as previously amended by RR No. 7-2019, are hereby further amended and shall be read as follows:

"**SECTION 2.** Certain items of Section 2.57.2 of RR No. 2-98, as amended, is hereby renumbered and 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, xxx. –

xxx

(I) ***Income payment made by top withholding agents, either private corporations or individuals, to their local/resident supplier of goods and local/resident supplier of services other than those covered by other rates of withholding tax.*** [formerly under letters (M) and (W)] – Income payments made by any of the top withholding agents, including non-resident aliens engaged in trade or business in the Philippines, shall be subjected to the following withholding tax rates:

Supplier of goods – One percent (1%)
Supplier of services – Two percent (2%)

Top withholding agents shall refer to those taxpayers whose gross sales/receipts or gross purchases during the preceding

taxable year shall fall under the minimum thresholds determined according to the existing group classifications of the Revenue District Offices (RDOs) where they are duly registered, as follows:

RDO Group Classification*	***Gross Sales/Receipts or Gross Purchases of At Least***
Groups A and B	*Twelve Million Pesos (P12,000,000.00)*
Groups C, D and E	*Five Million Pesos (P5,000,000.00)*

** Revenue Memorandum Order No. 13-2018*

The top withholding agents by concerned LTS/RRs/RDOs shall be published in a newspaper of general circulation. It may also be posted in the BIR website. These shall serve as the "notice" to the top withholding agents. The obligation to withhold under this sub-section shall commence on the first (1st) day of the month following the month of publication. Taxpayers who are classified as top withholding agents prior to the effectivity of these Regulations shall remain as such until failure to satisfy the aforesaid criteria and duly published as delisted from the existing list of top withholding agents. The initial and succeeding publications shall include the additional top withholding agents and those that are delisted.

The term "goods" pertains to tangible personal property. It does not include intangible personal property, as well as agricultural products which are defined under item (N) of this Section.

The term "local resident suppliers of goods/suppliers of services" pertains to a supplier from whom any of the top withholding agents, regularly makes its purchases of goods/services. As a general rule, this term does not include a casual purchase of goods/services that is purchase made from a non-regular supplier and oftentimes involving a single purchase. However, a single purchase which involves Ten thousand pesos (₱10,000) or more shall be subject to withholding tax under this subsection. The term "regular suppliers", for purposes of these regulations, refer to suppliers who are engaged in business or exercise of profession/calling with whom the taxpayer-buyer has transacted at least six (6) transactions, regardless of the amount per transaction, either in the previous year or current year."

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SEC. 3. REPEALING CLAUSE. – All revenue issuances inconsistent with the provisions of these Regulations are hereby amended, modified or repealed accordingly.

SEC. 4. EFFECTIVITY. – The provisions of these Regulations shall take effect after fifteen (15) days immediately following the date of publication thereof in any newspaper of general circulation.

CARLOS G. DOMINGUEZ
Secretary of Finance

DEC 15 2020

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

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