BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
2:42 P.M.
MAR 31 2015
integ
RECEIVED

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Date: March 31, 2015

REVENUE REGULATIONS NO. 7-2015

SUBJECT : **Amending Further the Provision of Section 2.57.2 of Revenue Regulations No. 2-98, as amended, particularly Subsection (AA) as introduced by Revenue Regulations No. 11-2014, Relative to the Income Payments on Locally Produced Raw Sugar and Other Matters**

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

SECTION 1. SCOPE. – Pursuant to the provisions of Section 244, in relation to Section 57(B) of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to further amend the provisions of Section 2.57.2 of Revenue Regulations (RR) No. 2-98, as amended, particularly Subsections (AA) on income payments on locally produced raw sugar.

SEC. 2. AMENDMENTS. – Section 2.57.2 (AA) of RR No. 2-98, as amended, is hereby further amended to read as follows:

"(AA) **Income payments on sugar.** – On gross payments on purchases of sugar - One percent (1%)

1. Proprietors or operators of sugar mills/refineries on their mill share, and buyers of Quedans or Molasses Storage Certificates from the sugar planters on locally produced raw cane sugar, raw sugar and molasses shall withhold the creditable income tax and remit the same to the BIR based on the following, subject, however, to adjustment, when deemed necessary by the Commissioner, depending on the prevailing market price of raw cane sugar, raw sugar and molasses:

   1.1 For locally produced raw cane sugar and raw sugar - base price of ONE THOUSAND PESOS (P1,000.00) per FIFTY (50) kilogram (kg.) bag or actual selling price, whichever is higher.

   1.2 For Molasses- base price of FOUR THOUSAND PESOS (P4,000.00) per metric ton or actual selling price, whichever is higher.

2. Buyers of refined sugar, whether locally produced or imported, shall withhold the creditable income tax based on the actual selling price thereof.

For purposes of this subsection, the following terms shall have the following meaning:

xxx xxx xxx

(ix) sugar –refers to raw cane sugar, raw sugar and refined sugar.

The Regional Director/Revenue District Officer, which has jurisdiction over the physical location of the sugar mills/refineries, shall issue the Authority to Release Locally Produced Raw Sugar/Raw Cane Sugar/Molasses (Annexes "A" or "B", or "C" as applicable) or Authority to Release Locally Refined Sugar (Annexes "D" or "E" as applicable) to the proprietors or operators, for purposes of allowing the

3:18

transfer/withdrawal of their mill share, or to the buyers of Quedans or Molasses Storage Certificates on the locally produced sugar; Provided, however, That, copies of proofs of payment of the creditable withholding tax due thereon (i.e., duly validated Monthly Remittance Return of Creditable Income Taxes Withheld (Expanded) [BIR Form No. 1601-E] and Bank Payment/Deposit Slip/Revenue Official Receipt [BIR Form No. 2524]) shall have been submitted and attached to the written request for said authorization.

xxxxxxxxx"

SEC. 3. REGISTRATION AND BOOKKEEPING RULES FOR SUGAR OWNERS WHO ARE SMALL SUGAR PLANTERS. - Any sugar owners who plants their own sugar whose gross receipts for a year does not exceed Three Hundred Thousand Pesos (PHP 300,000.00) shall be required to comply with the following simplified rules of registration and bookkeeping:

a. Exemption from the payment of registration fee as prescribed under Section 236(B) of the NIRC upon registration with the BIR after submission of the following minimal basic documentary requirements:

   i. Sworn Statement of Income for the year, and
   ii. NSO Certified Birth Certificate.

b. Exemption from compliance with the issuance of registered receipts or sales/commercial invoices prescribed under Section 237 of the NIRC;

c. Exemption from the requirement of maintenance of books of accounts;

d. Exemption from attaching Financial Statements of Account Information Form to the filed Income Tax Return;

e. Exemption from filing of monthly percentage tax, the advance Percentage Tax collected from the sale of their sugar shall be considered substantial compliance for the filing of the monthly percentage tax required under the NIRC.

Provided, however, the said sugar owner are required to file their Income Tax Return on the date required under the NIRC.

SEC. 4. REPEALING CLAUSE. – All existing rules and regulations or parts thereof which are inconsistent with the provisions of these Regulations are hereby modified, amended, revoked or repealed accordingly.

SEC. 5. EFFECTIVITY. – These Regulations shall take effect immediately upon publication in any newspaper of general circulation.

CESAR V. PURISIMA
Secretary of Finance

025633

Recommending Approval:

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue
031732

BUREAU OF INTERNAL REVENUE
RECORDS MGT. DIVISION
2:42 P. M.
MAR 31 2015
RECEIVED