

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

January 16, 2003

**REVENUE MEMORANDUM ORDER NO. 1-2003**

**SUBJECT: Creation of Alphanumeric Tax Codes (ATC) of Selected Revenue Sources Subject to Expanded Withholding Tax Per Revenue Regulations No. 14-2002**

**TO : All Collection Agents, Revenue District Officers and Other Internal Revenue Officers Concerned**

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**I. Objective :**

To facilitate the proper identification and monitoring of additional income payments subject to withholding tax based on BIR Form No. 1601E (Monthly Remittance Return of Creditable Income Tax Withheld – Expanded) and BIR Form No. 2307 (Certificate of Creditable Taxes Withheld at Source), and for Integrated Tax System (ITS) purposes, the following ATCs are hereby created:

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>For Taxes on Net Income and Profit – Creditable Withholding Tax on:</b>		
<b>1. Commissions of independent and exclusive distributors, medical/technical and sales representatives &amp; marketing agents of multi-level marketing companies</b> <ul style="list-style-type: none"><li>• Individual (10% tax rate)</li><li>• Corporate (10% tax rate)</li></ul>	RR 14 – 2002	WI 515 WC 515
<b>2. Gross payments to embalmers by funeral parlors (1% tax rate)</b>	RR 14 – 2002	WI 530

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>3. Payments made by pre-need companies to funeral parlors</b>	RR 14 – 2002	
• Individual (1% tax rate)		WI 535
• Corporate (1% tax rate)		WC 535
<b>4. Tolling fee paid to refineries</b>	RR 14 – 2002	
• Individual (5% tax rate)		WI 540
• Corporate (5% tax rate)		WC 540

As amended by Sec. 2 of RR No. 14 – 2002, the scope of income payments subject to creditable withholding tax from rentals of real property was extended to rentals of personal properties; poles, satellites and transmission facilities; and billboards. No separate ATC shall be created for this purpose, instead the existing ATCs for rentals of real property (per RMO No. 14 – 1999) will be assigned and shall read as follows:

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>I. Tax on Income</b>		
xxx	<b>Xxx</b>	<b>xxx</b>
<b>B. Taxes Withheld</b>		
xxx	<b>Xxx</b>	<b>xxx</b>
<b>2. Withholding at Source</b>		
a) Subject to creditable withholding tax		
<b>2) Rentals – on gross for the continued use or possession of real property, personal properties, poles, satellites &amp; transmission facilities, and billboards used in business which the payor or obligor has not taken or is not taking title or in which has no equity</b>	Sec. 2.57.2(C) of RR No. 2-98 as amended by Sec.2 of RR No. 14-2002.	
• Individual (5%)		WI 100
• Corporate (5%)		WC 100

**II. Repealing Clause :**

This Revenue Memorandum Order revises portions of all other issuances inconsistent herewith.

**III. Effectivity :**

This Revenue Memorandum Order shall take effect immediately.

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