

REVENUE MEMORANDUM ORDER NO. 33-2023 issued on September 29, 2023 reiterates Section 3.J of Revenue Regulations (RR) No. 17-2003 on the withholding of taxes for the sale of real property on installment plan wherein the payments in the year of sale do not exceed twenty-five percent (25%) of the selling price, to wit:

"Gross selling price or total amount of consideration or its equivalent paid to the seller/owner for the sale, exchange, or transfer of real property classified as ordinary asset. –

xxx xxx

xxx

xxx

xxx

If the buyer is an individual not engaged in trade or business, the following shall apply:

- (i) *If the sale is a sale of property on the installment plan (i.e. payments in the year of sale do not exceed twenty-five percent (25%) of the selling price), no withholding is required to be made on the periodic installment payments. In such a case, the applicable rate of tax based on the gross selling price or fair market value of the property at the time of the execution of the contract to sell, whichever is higher, shall be withheld on the last installment or installments immediately prior to such last installment, if the last installment is not sufficient to cover the tax due, to be paid to the seller until the tax is fully paid.*

(ii) xxx

xxx

xxx

However, if the buyer is engaged in trade or business, whether a corporation or otherwise, these rules shall apply:

- (i) *If the sale is a sale of property on the installment plan [i.e. payments in the year of sale do not exceed twenty-five percent (25%) of the selling price], the tax shall be deducted and withheld by the buyer from every installment which tax shall be based on the ratio of actual collection of the consideration against the agreed consideration appearing in the Contract to Sell applied to the gross selling price or fair market value of the property at the time of the execution of the Contract to Sell, whichever is higher.*

The term 'consideration' refers to the selling price exclusive of interest. Interest earned as an incident of installment payment, if any, shall be subject to the ordinary income tax rate.

(ii) xxx

xxx

xxx

In any case, no Certificate Authorizing Registration (CAR)/Tax Clearance Certificate (TCL), shall be issued to the buyer

unless the withholding tax due on the sale, transfer, or exchange of real property has been fully paid."

Non-compliance with the Order shall subject the concerned revenue officer/employee to administrative sanctions for inefficiency and incompetence in the performance of official duties as defined under Section Nos. 11, 14 and 16 of the Revised Code of Conduct for Revenue Officials and Employees and existing Civil Service Rules and Regulations.