

**REVENUE REGULATIONS NO. 31-2020** issued on December 18, 2020 further amends the pertinent provisions of Section 2 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 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:

<b><u>RDO Group Classification</u></b> *	<b><u>Gross Sales/Receipts or Gross Purchases of At Least</u></b>
<u>Groups A and B</u>	<u>Twelve Million Pesos</u> <u>(₱ 12,000,000.00)</u>
<u>Groups C, D and E</u>	<u>Five Million Pesos</u> <u>(₱ 5,000,000.00)</u>

\* 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 (1<sup>st</sup>) 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."