REPUBLIC OF THE PHILIPPINES DEPARTMENT OF FINANCE BUREAU OF INTERNAL REVENUE

September 9, 2002

REVENUE REGULATIONS NO. 14-2002

SUBJECT

: Amending Further Pertinent Provisions of Revenue Regulations No. 2-98, as amended.

TO

: All Internal Revenue Officers, Employees, Withholding Agents and Others Concerned.

SECTION 1. Scope. – Pursuant to the provisions of Section 244, in relation to Sections 57(B), 58, 114, 116 and other pertinent Sections, all of the National Internal Revenue Code of 1997 (Tax Code), in relation to P.D. 1354 and R.A. 9010, these Regulations are hereby promulgated to further amend portions of Revenue Regulations No. 2-98, as last amended by Revenue Regulations No 12-2001, providing for additional income payments to be subjected to withholding tax and clarifying pertinent provisions in relation thereto.

SECTION. 2. Income payments subject to creditable withholding tax and rates prescribed thereon. Section 2.57.2 of Revenue Regulations No. 2-98, as amended, is hereby further amended to read as follows:

"Sec. 2.57.2.— Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines:

XXX

XXX

XXX

(C) Rentals

- (1) **Real properties.** On gross rental for the continued use or possession of real property used in business which the payor or obligor has not taken or is not taking title, or in which he has no equity Five percent (5%);
- Personal properties. On gross rental or lease in excess of Ten Thousand Pesos (P10,000.00) per payment for the continued use or possession of personal property used in business which the payor or obligor has not taken or is not taking title, or in which he has no equity which include, but not limited to the following: land transport equipment, water transport equipment, air transport equipment, industrial equipment, commercial equipment, scientific equipment, agricultural machinery and equipment, construction/civil engineering machinery and equipment, telecommunication equipment, office furniture/machines/equipment, main frame computer and all

- **SECTION 4.** Exemption from Withholding. Section 2.57.5 of Revenue Regulations No. 2-98 is hereby amended to read as follows:
 - "Sec. 2.57.5. Exemption from Withholding The withholding of creditable withholding tax prescribed in these Regulations shall not apply to income payments made to the following:
 - (A) National government agencies and its instrumentalities including provincial, city, municipal governments and barangays except government-owned and controlled corporations.
 - (B) Persons enjoying exemption from payment of income taxes pursuant to the provisions of any law, general or special, such as but not limited to the following:
 - (1) xxx xxx xxx
 - (2) Corporations duly registered with the Board of Investments, Philippine Export Processing Zones and Subic Bay Metropolitan Authority enjoying exemption from income tax pursuant to E.O. 226, as amended, R.A. 7916, the Omnibus Investment Code of 1997 and R.A. 7227, as amended, respectively;
 - (3) xxx xxx xxx
 - (4) General professional partnerships
 - (5) Joint ventures or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal & other energy operations pursuant to an operating or consortium agreement under a service contract with the government.
- **SECTION 5. Registration.** Sec. 2.58.2 of Revenue Regulations No. 2-98 is hereby amended to read as follows:

"Sec. 2.58.2. Registration

Registration with the Register of Deeds. - xxx

XXX

The Register of Deeds shall annotate on the <u>Original Certificate of Title</u>, Transfer Certificate of Title <u>or Condominium Certificate of Title</u> of the said property such information required under Section 58(E) of the Tax Code. In case of any violation of the said requirement, he shall be liable to the penalties provided under Section 269 of the said Tax Code."

- **SECTION 6.** Requirements for Deductibility of Certain Expenses. Section 2.58.5 of Revenue Regulations No. 2-98 is hereby amended to read as follows:
 - "Sec. 2.58.5. Requirements for Deductibility Any income payment which is otherwise deductible under the Code shall be allowed as a deduction from the payor's gross income only if it is shown that the income tax required to