

**[REVENUE REGULATIONS NO. 6-2018, January
26, 2018]**

**REVOKING REVENUE REGULATIONS (RR) NO. 12-2013 THEREBY
REINSTATING THE PROVISIONS OF SECTION 2.58.5 OF RR NO.
14-2002, AS AMENDED BY RR NO. L7-2003**

Adopted: 20 November 2017

Date Filed: 26 January 2018

SECTION 1. SCOPE. - Pursuant to the provisions of Section 244, in relation to Section 34(K) of the National Internal Revenue Code of 1997, as amended, these regulations are hereby promulgated to revoke RR No. 12-2013, relative to the requirements for deductibility of certain expenses, thereby reinstating the provisions of Section 2.58.5 of RR No. 14-2002, as amended by RR No. 17-2003.

SECTION 2. REQUIREMENTS FOR DEDUCTIBILITY OF CERTAIN EXPENSES. - RR No. 12-2013 is hereby revoked, in effect, reinstating the provisions stated under RR No. 14-2002, as amended by RR No. 17-2003 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 be withheld has been paid to the Bureau in accordance with Secs. 57 and 58 of the Code.

A deduction will also be allowed in the following cases where no withholding of tax was made:

(A) The payee reported the income and pays the tax due thereon and the withholding agent pays the tax including the interest incident to the failure to withhold the tax, and surcharges, if applicable, at the time of the audit/investigation or reinvestigation/reconsideration.

(B) The recipient/payee failed to report the income on the due date thereof, but the withholding agent/taxpayer pays the tax, including the interest incident to the failure to withhold the tax, and surcharges, if applicable, at the time of audit/investigation or reinvestigation/reconsideration.

(C) The withholding agent erroneously underwithheld the tax but pays the difference between the correct amount and the amount of tax withheld including the interest, incident to such error, and surcharges,