

**[BIR Revenue Regulations No. 11-2014,
December 05, 2014]**

**AMENDING FURTHER THE PROVISIONS OF SECTION 2.57.2 OF
REVENUE REGULATIONS NO. 2-98, AS AMENDED, PARTICULARLY
SUBSECTION (M), (S), AND (W), CREATING A SEPARATE SUB-
SECTION FOR THE WITHHOLDING OF CREDITABLE INCOME TAX
ON REAL ESTATE INVESTMENT TRUST (REIT) AND
RECLASSIFYING THE TREATMENT OF LOCALLY PRODUCED RAW
SUGAR AS A SEPARATE SUBSECTION FOR PURPOSES OF THE
CREDITABLE WITHHOLDING TAX**

Adopted: 05 December 2014

Date Filed: 14 January 2015

SECTION 1. SCOPE. - Pursuant to the provisions of Section 244, in relation to Section 57 (B) of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to further amend the provisions of Section 2.57.2 of Revenue Regulations (RR) No. 2-98, as amended, particularly Subsections (M), (S), and (W) thereof, creating a separate sub-section for the withholding of creditable income tax on Real Estate Investment Trust (REIT) pursuant to RR No. 13-2011, and reclassifying the treatment of locally produced raw sugar as a separate subsection for purposes of the creditable withholding tax considering the peculiarity of operations by the sugar industry players being regulated by the Sugar Regulatory Administration (SRA).

SEC. 2. AMENDMENTS. - The pertinent provisions of Section 2.57.2 of RR No. 2-98, as amended, are hereby further amended to read as follows:

"Sec. 2.57.2. Income payment subject to creditable withholding tax and rates prescribed thereon. - 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:

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(M) Income payment made by the top twenty thousand (20,000) private corporations to their local/resident supplier of goods and local/resident supplier of services other than those covered by the rates of withholding tax. - Income payments made by any of the top twenty thousand (20,000) private corporations, as determined by the Commissioner, xxx. For this purpose, an agricultural product in their original state as used in these Regulations, shall only include corn, coconut, copra, palay, rice, cassava, coffee, fruit, vegetable, marine food

product, poultry and livestock.

(S) Income payments made to suppliers of agricultural products.

- Income payments made to agricultural suppliers such as, but not limited to, payments made by hotels, restaurants, resorts, caterers, food processors, canneries, supermarkets, livestock, poultry, fish and marine product dealers, hardwares, factories, furniture shops and all other establishments, in excess of the cumulative amount of Three Hundred Thousand Pesos (300,000.00) within the same taxable year. - One percent (1%);

The term "agricultural suppliers" refers to suppliers/sellers of agricultural, forest and marine food and non-food products, livestock and poultry of a kind generally used as, or yielding or producing foods for human consumption, and breeding stock and genetic materials therefor. "Livestock" shall include cow, bull and calf, pig, sheep, goat and other animals similar thereto. "Poultry" shall include fowl, duck, goose, turkey and other animals similar thereto. "Marine product" shall include fish and crustacean such as, but not limited to, eel, trout, lobster, shrimp, prawn, oyster, mussel and clam, shell and other aquatic products.

Meat, fruit, fish, vegetable and other agricultural and marine food products, even if they have undergone the simple processes of preparation or preservation for the market, such as freezing, drying, salting, smoking or stripping, including those using advanced technological means of packaging, such as shrink wrapping in plastics, vacuum packing, tetra-pack and other similar packaging method, shall still be covered by this subsection.

An agricultural food product shall include, but shall not be limited to the following: corn, coconut, copra, palay, cassava, coffee, etc. Polished and/or husked rice, corn grits and ordinary salt shall be considered as agricultural food products.

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(W) Income payments made by the top five thousand (5,000) individual taxpayers to their local/resident suppliers of goods and local/resident suppliers of services other than those already covered by other rates of withholding tax.

- Income payments made by the top 5,000 individual taxpayers engaged in trade or business in the Philippines, as determined by the Commissioner xxx For this purpose, agricultural products in their original state as used in these Regulations, shall include only corn, coconut, copra, palay, rice, cassava, coffee, fruit, vegetable, marine food product, poultry and livestock.

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(Z) Income payments to Real Estate Investment Trust (REIT).

- Income payments made to corporate taxpayers duly registered with the Large Taxpayers Regular Audit Division 3 (now Regular LT Audit Division 3) of the Bureau of Internal Revenue, as REITs for purposes of availing