

[REVENUE REGULATIONS NO. 2-2006, December 01, 2005]

MANDATORY ATTACHMENTS OF THE SUMMARY ALPHALIST OF WITHHOLDING AGENTS OF INCOME PAYMENTS SUBJECTED TO TAX WITHHELD AT SOURCE (SAWT) TO TAX RETURNS WITH CLAIMED TAX CREDITS DUE TO CREDITABLE TAX WITHHELD AT SOURCE AND OF THE MONTHLY ALPHALIST OF PAYEES (MAP) WHOSE INCOME RECEIVED HAVE BEEN SUBJECTED TO WITHHOLDING TAX TO THE WITHHOLDING TAX REMITTANCE RETURN FILED BY THE WITHHOLDING AGENT/PAYOR OF INCOME PAYMENTS

BACKGROUND

Under the creditable withholding tax system, taxes must be withheld on certain income payments the amount of which should at least approximate the tax due of the payee on the said income. The Withholding Agent/Payor is required to withhold and remit taxes withheld the details of which are declared in the appropriate tax return within the time prescribed by law. On the other hand, the payee/income recipient, upon declaration of income received or earned shall claim the corresponding creditable tax withheld in the filed return within the time prescribed by law for taxpayers to file return and claim tax credits. However, reports have been received by the Bureau of Internal Revenue that observance of these responsibilities is not yet in its desired stage, hence these Regulations are issued to help promote a better business environment by limiting BIR audits of returns with corresponding tax withheld at source to those without substantiation, and to secure government revenues by insuring observance of the withholding tax system.

SECTION 1. Legal Bases of the Requirements - Pursuant to Section 244 of the National Internal Revenue Code of 1997, in relation to Sections 6, 51 to 58, 65, 70, 74 to 83, 114, 128 and 245 of the same Code and to Revenue Regulations No. 2-98, as amended, these Regulations are hereby promulgated:

- a. to prescribe certain attachment to returns filed (SAWT/MAP);
- b. to provide the penalties and effect of non-compliance hereof; and
- c. to clarify other issues.

SECTION 2. Mandatory Submission of Summary Alphalist of Withholding Agents of Income Payments Subjected to Creditable Withholding Taxes (SAWT) by the Payee/ Income Recipient and of Monthly Alphalist of Payees (MAP) Subjected to Withholding Tax by the Withholding Agent/Income Payor as Attachment to their Filed Returns -

A. Summary Alphalist of Withholding Agents of Income Payments Subjected to Withholding Tax (SAWT) and Monthly Alphalist of Payees (MAP) defined

Summary Alphalist of Withholding Agents/Payors of Income Payments subjected to Creditable Withholding tax at source (SAWT) Annex "A" is a consolidated alphalist of withholding agents from whom income was earned or received and subjected to withholding tax to be submitted by the payee-recipient of income as attachment to its duly filed return for a given period which Summary List contains a summary of information showing, among others, total amounts of income/gross sales/gross receipts and claimed tax credits taken from all Certificates of Creditable Withholding Tax at Source (BIR Form No. 2307) issued by the payors of income payment.

Monthly alphalist of payees (Map) annex "b" is a consolidated alphalist of in- come earners from whom taxes have been withheld by the payor of income for a given return period and in whose behalf, the taxes were remitted. It contains a summary of information on taxes withheld and remitted through the monthly remittance returns (BIR Form Nos. 1601-E, 1601-F, 1600,) showing, among others, total amounts of income/ gross sales/gross receipts and taxes withheld and remitted.

B. Persons required to submit Summary Alphalist of Withholding Agents of Income Payments subjected to Withholding Taxes (SAWT)

1. All persons claiming refund or applying their creditable tax withheld at source against the tax due with not more than ten (10) withholding agents-payor of income payment per return period are strictly required to submit SAWT in hard copy as attachment to the required tax return;
2. All persons claiming for refund or applying their creditable tax withheld at source against the tax due with more than ten (10) withholding agents-payor of income payment per return period are strictly required to submit SAWT electronically in a 3.5 inch floppy diskette following the format to be prescribed by the BIR;
3. All taxpayers required to file thru the EFPS, regardless of the number of withholding agents/payor of income, are strictly required to attach the electronic copy of the SAWT to the electronic return.

C. Persons required to submit Monthly Alphalist of Payees (MAP)

1. All withholding agents enumerated under Sections 2.57.3, 4.114, 5.116 of Revenue Regulations No. 2-98, as amended, who are required to withhold and remit taxes with- held and have not more than ten income payees-income recipient per return period are strictly required to submit MAP in electronic copy in a 3.5 inch floppy diskette following the format to be prescribed by the BIR;
2. All withholding agents enumerated under Sections 2.57.3, 4.114, 5.116 of Revenue Regulations No. 2-98, as amended, who are required to withhold and remit taxes with- held and have more than ten (10) income payees-income recipient per return period are strictly required to submit MAP in electronic copy in a 3.5 inch floppy diskette following the format to be prescribed by the BIR;
3. All taxpayers remitting taxes withheld thru the EFPS, regardless of the number of income payees/income recipient, are strictly required to attach an electronic copy of the MAP to the electronic return.

D. Returns required to be filed with SAWT and Certificate of Creditable Tax Withheld at Source

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| 1. BIR Form No. 1701Q | Individual Quarterly Income Tax Return |
| 2. BIR Form No. 1701 | Individual Annual Income Tax Return |
| 3. BIR Form No. 1700 | Individual Annual Income Tax Return for Compensation Income Earners (for those required to file an ITR) |
| 4. BIR Form No. 1702Q | Corporate Quarterly Income Tax Return |
| 5. BIR Form No. 1702 | Corporate Annual Income Tax Return |
| 6. BIR Form No. 2550Q | Quarterly VAT Return |
| 7. BIR Form No. 2550M | Monthly VAT Declaration |
| 8. BIR Form No. 2551M | Monthly Percentage Tax Return |
| 9. BIR Form No. 2553 | Percentage Tax Return under Special Laws |

The return with the attached SAWT & Certificate of Creditable Withholding Tax at Source shall be filed in three (3) copies to be distributed as follows:

- Original return with attached SAWT & original BIR Form No. 2307 - BIR copy
- Duplicate return with attached SAWT & copy of BIR Form No. 2307 - BIR copy
- Triplicate return with attached SAWT & copy of BIR Form no. 2307 -taxpayer's copy

The validation of e-filed returns shall ensure that the total amounts claimed as creditable tax withheld in the return must have the corresponding attached SAWT reflecting total amounts which is equal to the total amounts claimed as credits.

E. Returns required to be filed with MAP:

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| 1. BIR Form No. 1601-E - | Monthly Remittance Return of Creditable Income Taxes Withheld (Expanded Withholding Tax) |
| 2. BIR Form No. 1601-F - | Monthly Remittance Return of Final Taxes Withheld |
| 3. BIR Form No. 1600 | Monthly Remittance Return of Value Added Tax and Other Percentage Taxes (Under RAs 1051, 4649, 8241 and 8424) |

The return with the attached MAP shall be filed in three (3) copies to be distributed as follows:

- Original copy of return with attached MAP - BIR copy
- Duplicate copy of return with attached MAP - BIR copy
- Triplicate copy of return with attached MAP - taxpayer's filed copy

A withholding agent/payor may file a consolidated withholding tax return for the head office and all the branches or may file withholding tax returns separately for its head office and each branch and facility. For such decentralized way of filing tax return for the head office, branch or facility, one withholding tax return per tax type per return period shall be filed for each office. For purposes of such filing, a TIN with branch code shall be issued to the branch of the withholding agent/payor, which branch code must be indicated in the return so that remittance shall be posted accordingly. Such policy shall also apply to government agencies and instrumentalities, political subdivisions (provincial, city, municipal, barangay), government owned or controlled corporations for their respective branches, regional, provincial, district offices and implementing units where such reporting entity is using decentralized accounting.

For the centralized way of filing withholding tax returns, the head office of withholding agents/payors using centralized accounting (e.g., Large Taxpayers, etc.) shall file a consolidated withholding tax return per tax type per return period; Provided, however, that a withholding agent/payor enrolled under EFPS shall e-file the electronic copy of the MAP together with the return. The validation of such e-filed returns shall ensure that the total amount of taxes withheld and remitted must correspond to that reflected in the MAP.

F. Information that Must be Contained in the Summary Alphalist of Withholding Agents of Income Payments (SAWT) and Monthly Alphalist of Payees (MAP)

The SAWT as shown in Annex "A" and MAP as shown in Annex B", must contain the following information:

1. Sequence Number
2. TIN including branch code of payor for SAWT or payee for MAP
3. Registered name of payor for SAWT or name of payee for MAP
4. Tax type
5. Period covered
6. Nature of income payment
7. Alphanumeric Tax Code (ATC)
8. Tax base or amount of income payment or gross sales or gross receipts, whichever is applicable (*net of VAT or exclusive of VAT for VAT registered taxpayers or Gross Income/ gross sales/gross receipts for Non-VAT registered taxpayers*)
9. Applicable rate
10. Amount of tax withheld
11. Total amount of income payment or gross sales or gross receipts, whichever is applicable
12. Total amount of tax withheld

G. Rules in the Presentation of the Required Information in the Summary Alphalist of withholding Agents of Income Payments (SAWT) and Monthly Alphalist of Payees (Map)

1. The payee/income recipient shall attach the SAWT to the return for purpose of claiming tax credits or refund. On the other hand, the withholding agent-income payor shall attach the MAP to the applicable withholding tax remittance returns;
2. The heading/caption for SAWT shall indicate, among others, the name of the payee/ income recipient, trade name, address, TIN, branch code, tax type and the period covered by the return;