

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**  
Quezon City

September 30, 2002

**REVENUE MEMORANDUM ORDER NO. 25-2002**

**SUBJECT: Deletion and Creation of Alphanumeric Tax Codes (ATCs) of  
Revenue Sources for Proper Classification of Taxes**

**TO : All Collection Agents, Revenue District Officers and Other Internal  
Revenue Officers Concerned**

**I. Objectives :**

To facilitate the proper identification and monitoring of Withholding Tax collections based on BIR Form No. 1606 (Withholding Tax Remittance Return for Onerous Transfer of Real Property Other Than Capital Asset-Including Taxable and Exempt), BIR Form 1600 (Monthly Remittance Return of Value-Added Tax and Other Percentage Taxes Withheld) and BIR Form No. 0605 ( Payment Form), and for Integrated Tax System (ITS) purposes, the following ATCs are hereby deleted and/or created:

**A. The following ATCs are hereby deleted:**

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>1. ATCs on Creditable Withholding Tax on Sale, Exchange or Transfer of Real Property Other Than Capital Assets, Sold by an Individual, Corporation, Estate, Trust :</b>	There are only two ATCs assigned for individual & corporate creditable withholding taxes across four tax rates. For proper monitoring of collection from this source, each tax rate for individuals & corporations will have separate ATCs	
a. Individual (1.5%, 3%, 5%, 7.5%)		WI 155
b. Corporate (1.5%, 3%, 5%, 7.5%)		WC 155

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>2.On Percentage Taxes Withheld:</b>		
<b>a. Tax on banks and non-banks financial intermediaries - on interest, commissions and discounts paid to banks and non-bank financial intermediaries arising out of lending activities as well as financial leasing , on basis of the remaining maturities of the instrument. Tax rates: 5%, 3%, 1%, 0%.</b>	For purposes of proper monitoring of collections on percentage tax withheld, the existing ATC across all rates should be deleted. Separate ATCs must be assigned per rate	WB101
<b>b. Tax on finance companies – on interest, commissions and discounts paid from their loan transactions from finance companies as well as financial leasing based on the remaining maturities of the instrument. Tax rates: 5%, 3%, 1%, 0%.</b>	-do-	WB112
<b>c. Tax on agents of foreign insurance companies. Tax rates: 5% and 10%</b>	-do-	WB120
<b>d. Tax on sale, barter or exchange of shares of stock:</b>	-do-	
• Sale or exchange through initial public offering - Tax rates: 1%, 2%, 4%		WB201
• Sale or exchange through secondary public offering - Tax rates: 1%, 2%, 4%		WB202

**B. The following ATCs are hereby created:**

<b>KIND OF TAXES</b>	<b>ISSUANCE/ LEGAL BASIS/ REASONS</b>	<b>ATC</b>
<b>1. Creditable Withholding Tax on Sale, Exchange or Transfer of Real Property Other Than Capital Assets, Sold by an Individual, Corporation, Estate, Trust:</b>	Sec. 2.57.2(J) of RR No. 2-98 as amended by RR No. 6-2001 and RR No. 12-2001	
a. Individual		
• 1.5%		WI 555
• 3%		WI 556
• 5%		WI 557
• 6%		WI 558
b. Corporate		
• 1.5%		WC 555
• 3%		WC 556
• 5%		WC 557
• 6%		WC 558
<b>2. On Percentage Taxes Withheld:</b>		
a. Tax on banks and non-banks financial intermediaries - on interest, commissions and discounts paid to banks and non-bank financial intermediaries arising out of lending activities as well as financial leasing, on basis of the remaining maturities of the instrument.	Sec. 121 of RA 8424 Sec .5.116(a)(5)(a) of RR No. 2-98	
• Short term maturity ( not in excess of 2 yrs.) – 5% tax rate		WB301
• Medium –term maturity (over 2 yrs to 4 yrs.) – 3% tax rate		WB302
• Long-term maturity (over 4 yrs to 7 yrs) – 1% tax rate		WB303
• Over 7 years – 0% tax rate		WB304

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>b. Tax on finance companies – on interest, commissions and discounts paid from their loan transactions from finance companies as well as financial leasing based on the remaining maturities of the instrument:</b>	Sec. 122 of RA 8424 Sec .5.116(a)(5)(a) of RR No. 2-98	
• Short term maturity ( not in excess of 2 yrs.) – 5% tax rate		WB311
• Medium –term maturity (over 2 yrs to 4 yrs.) – 3% tax rate		WB312
• Long-term maturity (over 4 yrs to 7 yrs) – 1% tax rate		WB313
• Over 7 years – 0% tax rate		WB314
<b>c. Tax on agents of foreign insurance companies:</b>	Sec. 124 of RA No. 8424 Sec. 5.116 (A)(8) of RR No. 2-98 RR No. 4-2002	
• Insurance Agents – 10% tax rate		WB120
• Owner of the Property – 5% tax rate		WB121
<b>d. Tax on sale, barter or exchange of shares of stock:</b>		
• Sale or exchange through initial public offering :	Sec. 127(b) of RA No. 8424 Sec. 5.116(a)(11) of RR No. 2-98	
i) Not over 25% - 4% tax rate		WB201
ii) Over 25% but not exceeding 33 1/3% - 2% tax rate		WB202
iii) Over 33 1/3% - 1% tax rate		WB203
• Sale or exchange through secondary public offering :	Sec. 127(c) of RA No. 8424 in relation to RA No. 1051 & Sec. 5.11(a)(11) of RR No. 2-98	
i) Not over 25% - 4% tax rate		WB206
ii) Over 25% but not exceeding 33 1/3% - 2% tax rate		WB207
iii) Over 33 1/3% - 1% tax rate		WB208

KIND OF TAXES	ISSUANCE/ LEGAL BASIS/ REASONS	ATC
<b>3. On Fines and Penalties:</b>		
<b>Fines and Penalties on Monthly Percentage Tax Withheld (tax rate: 50%, 25%)</b>	Sec. 248 of RA No.8424 RR 2-98 as amended by RR 6-2001, RR 12-2001 and RR 4-2002	<b>FP041</b>

The existing ATC – **FP040** – under RMO No. 14-99 shall refer to the fines and penalties on **quarterly** percentage taxes and the new ATC – **FP041** – shall pertain to the fines and penalties on **monthly** percentage taxes.

## **II. Repealing Clause :**

This Revenue Memorandum Order revises portions of all other issuances inconsistent herewith.

## **III. Effectivity :**

This Revenue Memorandum Order shall take effect immediately.

(Original Signed)  
**GUILLERMO L. PARAYNO, Jr.**  
Commissioner of Internal Revenue