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| <u>Revenue Memorandum Circular No. 143-2019</u> Clarifications on the Inclusion of Taxpayers as Top Withholding Agents who are Obligated to Remit 1% and 2% Creditable Withholding Taxes Pursuant to the Criteria of RR No. 7-2019 | 1 |
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REVENUE MEMORANDUM CIRCULAR NO. 143-2019

Clarifications on the Inclusion of Taxpayers as Top Withholding Agents who are Obligated to Remit 1% and 2% Creditable Withholding Taxes Pursuant to the Criteria of RR No. 7-2019

GENERAL

"Top Withholding Agents" (TWAs) shall refer to those taxpayers whose gross sales/receipts or gross purchases or claimed deductible itemized expenses, as the case may be, amounted to P12,000,000 during the preceding taxable year.

Unless there is a specific withholding tax rate imposed, TWAs are required to withhold taxes at the rate of 1% or 2% from their income payments to local suppliers of goods or services, respectively.

Although having satisfied the prescribed criteria, the following taxpayers are excluded in the identification of TWAs¹:

1. National government agencies, GOCCs, state universities and colleges, and LGUs;
2. Taxpayers included due to one-time transactions;
3. Individual taxpayers deriving income on commission basis, subject to verification of their 2018 Quarterly ITRs to determine the regularity of transactions²; and
4. Taxpayers exempt from payment of income taxes with no proprietary activities.

EXCEPTIONS

¹Based on Operations Memorandum Order No. 20-2019 issued by the Deputy Commissioner for Operations Group

²If the P12,000,000 criteria has been satisfied only in one (1) taxable quarter, the taxpayer shall not be qualified as TWA