

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

May 24, 2018

**REVENUE MEMORANDUM ORDER NO. 26-2018**

**SUBJECT** : Prescribing the Guidelines in Monitoring, Identification, Inclusion and Deletion of Top Withholding Agents Pursuant to the Pertinent Provisions of Revenue Regulations No. 11-2018

**TO** : All Internal Revenue Officers and Others Concerned

---

**I. BACKGROUND**

Revenue Memorandum Order (RMO) No. 47-2004 was issued with the objectives of institutionalizing the monitoring, identification, inclusion and deletion of top 10,000 (further increased to 20,000 under Revenue Regulations No. 6-2009) private corporations, including the establishment of Key Performance Indicators (KPIs) to ensure compliance of these identified taxpayers with existing rules and regulations. However, with the issuance of Revenue Regulations (RR) No. 11-2018 amending RR Nos. 2-98, 17-2003, and 6-2009, the taxpayers who are mandated to withhold the expanded withholding tax from their income payments equivalent to one percent (1%) on goods and two percent (2%) on services are now identified as top withholding agents.

In this regard, there is a need to update and amend the provisions of RMO No. 47-2004 in order to align the same with the provisions of Section 2.57.2(I) [formerly under letter (M) and (W)] of RR No. 2-98, as amended by RR No. 11-2018, as well as the current administrative requirements of this Bureau.

**II. GUIDELINES**

1. The Top Withholding Agents (TWAs) shall include the following:
  - a. Existing top taxpayers who/which were classified and duly notified by the Commissioner as any of the following unless previously de-classified as such or had already ceased business operations:
    - i. A large taxpayer under Revenue Regulations No. 1-98, as amended;
    - ii. Top twenty thousand (20,000) private corporations under RR No.6-2009; or
    - iii. Top five thousand (5,000) individual taxpayers under RR No. 6-2009;
  - b. Taxpayers newly identified and included as Medium Taxpayers, and those under the Taxpayer Account Management Program (TAMP).
2. The existing large taxpayers, top twenty thousand (20,000) private corporations and top five thousand (5,000) individual taxpayers, although already withholding the required one percent (1%) on purchase of goods and two percent (2%) on purchase of services, other than those covered by other withholding tax rates under Section 2.57.2 of Revenue Regulations No. 2-98, as amended, shall still be included in the initial publication of TWAs, in addition to the taxpayers identified as Medium Taxpayers and those under the TAMP if they are not yet

previously classified as either top 20,000 private corporations or top 5,000 individual taxpayers.

3. On a semestral basis, not later than every April 30 and October 31 of each calendar year, the concerned RDOs, through their concerned Regional Directors, shall submit to the ACIR, Collection Service, Attention: Chief, Miscellaneous Operations Monitoring Division (MOMD), a list of taxpayers recommended for inclusion as TWAs and/or list of TWAs for deletion, if any. The list shall be prepared in the following format:

**LIST OF TAXPAYERS FOR INCLUSION/DELETION  
IN THE LIST OF TOP WITHHOLDING AGENTS (TWAs)  
For the \_\_\_\_ Semester, 20\_\_\_\_**

Complete Name of Taxpayer	Complete Address	TIN	Reason/ Criterion/Criteria
<b>I. For Deletion</b>			
1.			
2.			
3.			
<b>II. For Inclusion</b>			
1.			
2.			
3.			

The ACIR, LTS shall likewise submit the same list, in case of inclusion/deletion of large taxpayers falling under their jurisdiction, for purposes of maintaining a complete master list of TWAs.

4. Based on the said semestral lists recommended by the regional offices, the Chief, MOMD shall consolidate and evaluate all the recommended lists and submit the same to the ACIR, Collection Service not later than every May 31 and November 31 of each calendar year, for subsequent approval by the CIR.
5. The ACIR, Collection Service, thru the Chief, MOMD, shall be responsible in the publication of the CIR-approved list of TWAs and the regular semestral lists of TWAs for inclusion or deletion in a newspaper of general circulation not later than every June 15 and December 15 of each calendar year with the complete names of taxpayers and RDOs/LTS Divisions where they are duly registered, as well as in the posting of the same in the BIR website and issuance of a Revenue Memorandum Circular (RMC).
6. While the publication of the CIR-approved list is a sufficient notice to the concerned TWAs pursuant to the provisions of RR No. 11-2018, the concerned RDOs may prepare and personally serve individual written notices of inclusion/deletion to the concerned TWAs under their respective jurisdictions. However, the obligation of the concerned TWAs to withhold the 1% and 2% creditable withholding taxes on goods and services, respectively, shall commence on the first (1<sup>st</sup>) day of the month following the month of publication (i.e., July 1 and January 1, respectively, of each calendar year).
7. A complete and updated list of TWAs shall be maintained in the Bureau's website. The ACIR, Collection Service, thru the Chief, MOMD, shall ensure that the said list is immediately updated simultaneous with the semestral publication of newly included/deleted TWAs.

8. The MOMD shall maintain a master list of Top Withholding Agents containing the following information:

- a) Complete name of taxpayer;
- b) Complete address;
- c) Taxpayer Identification Number (TIN);
- d) Revenue Region and RDO or LTS Division where duly registered;
- e) Date of publication of the CIR-approved list where the TWA was included;
- f) Complete name of newspaper/publisher; and
- g) Remarks.

For taxpayers included in the initial publication but already identified as large taxpayers or top 20,000 private corporation or top 5,000 individual taxpayers, the column for "Remarks" should indicate "existing prior to RR No. 11-2018".

Despite the detailed information required to be maintained by the MOMD, for purposes of publication, only the complete names of the TWAs and their respective RDO/LTS office where they are registered shall be indicated.

### III. TRANSITORY PROVISIONS

For purposes of issuing the list of TWAs for the initial publication, the ACIR, Collection Service, thru the Chief, MOMD, shall conduct a clean-up of the existing list of large taxpayers, top 20,000 private corporations, top 5,000 individual taxpayers, as well as the identified medium taxpayers and TAMP taxpayers, in accordance with the following policies and procedures:

- 1. All taxpayers who are classified as large taxpayers, top 20,000 private corporations or top 5,000 individuals, which have not been delisted prior to the effectivity of RR No. 11-2018, shall remain as top withholding agents.
- 2. On or before June 30, 2018, the following lists shall be submitted, in soft and hard copies, by the concerned revenue offices to the ACIR, Collection Service, Attention: Chief, MOMD:

Type of List	Submitting Revenue Office(s)
1. Updated list of large taxpayers	ACIR, LTS
2. Validated/updated list of existing top 20,000 private corporations and top 5,000 individuals previously transmitted by the Chief, MOMD, including additional taxpayers for inclusion in the list of TWAs and taxpayers for deletion, provided that the criteria for inclusion/deletion has been fully satisfied as prescribed by RR No. 6-2009.	Regional Directors and RDOs
3. Updated/Validated list of taxpayers under the TAMP previously generated by the concerned Revenue Data Centers and farmed-out to concerned Revenue District Offices for validation.	Regional Directors and RDOs

The Chief, Systems Development Division under the Information Systems Group shall likewise be furnished with the copy of the updated/validated list of TAMP taxpayers within the same deadline for purposes of uploading in the Bureau's system database.	
---	--

**NOTE:** Should the above concerned revenue offices failed to submit their respective lists within the said deadline, it shall be presumed that the existing lists are still valid and therefore be considered by the MOMD for publication.

3. The Chief, MOMD shall consolidate and sort the validated and updated lists of top 20,000 private corporations, top 5,000 corporations, TAMP taxpayers, as well as the Medium Taxpayers, which were already previously submitted to the MOMD. It shall be ensured that the consolidated list of TWAs for initial publication does not contain duplication of taxpayers;
4. The Chief, MOMD shall submit three (3) lists of TWAs, composed of: 1) List of Existing TWAs; 2) List of Additional TWAs; and 3) List of TWAs for Deletion, to the ACIR, Collection Service for subsequent approval by the CIR on or before August 31, 2018; and
5. The CIR-approved lists of TWAs shall be published in a newspaper of general circulation and posted in the Bureau's website. The same shall also be disseminated thru the issuance of a RMC.

#### **IV. REPEALING CLAUSE**

The pertinent provisions of RMO No. 47-2004 and Operations Memorandum No. 3-2014 and other applicable revenue issuances or portions thereof inconsistent herewith are hereby amended or repealed accordingly.

#### **V. EFFECTIVITY**

This Order shall take effect immediately.

(Original Signed)  
**CAESAR R. DULAY**  
Commissioner of Internal Revenue

J-5

