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Tax View & Compliance

Revenue Regulation No.: 6-2009

**Top Twenty Thousand (20,000)
Private Corporation**

**Top Five Thousand (5,000)
Individual Taxpayer**

Revenue Regulation No. 6-2009

Update on Top Twenty Thousand (20,000) Private Corporation and Guidelines for Top 5,000 Individual Taxpayer

Top Twenty Thousand (20,000) Private Corporation

Revenue Regulation 6-2009 is issued to expand the coverage or purchases subject to withholding tax of Top Twenty (20,000) Private Corporation and additional criteria in determining which corporate taxpayer will be included as Top 20,000 Private Corporation. Purchases of Top 20,000 Private Corporation involving agricultural product in its original state is now subject to withholding tax at a rate of one (1%) percent and applies only to purchases in excess of the cumulative amount of Three Hundred Thousand Pesos (P 300,000) within the same year.

To 20,000 private corporations shall include a corporate taxpayer who has been determined and notified by the Bureau of Internal Revenue (BIR) as having satisfied any of the following criteria:

- a. Classified and duly notified by the Commissioner as a large taxpayer under Revenue Regulation No. 1-98 as amended, or belonging to the top five thousand (5,000) private corporations under RR 12-94, or the top ten thousand (10,000) private corporation under RR 17-2003, unless previously de-classified as such or had already ceased business operation;
- b. VAT payment or payable, whichever is higher, of at least P 100,000 for the preceding year;
- c. Annual income tax due of at least P200,000 for the preceding year;
- d. Total percentage tax paid of at least P100,000 for the preceding year;
- e. Gross sales of P10,000,000 and above for the preceding year;
- f. Gross purchases of P5, 000,000 and above for the preceding year; and
- g. Total excise tax payment of at least P100,000 for the preceding year.

Top Five Thousand (5,000) Individual Taxpayer

Income payment made by Top Five Thousand (5,000) Individual Taxpayer engaged in trade/business or practice of profession to their local/resident supplier of goods or services other than those covered by other rates of withholding tax, including non-resident aliens engaged in trade or business in the Philippines, is subject to withholding tax at a rate of one percent (1%) for goods and two percent (2%) for services. Provided, however, that for

the purchases involving agricultural products in their original state, the tax required to be withheld under this subsection shall only apply to purchases in excess of the cumulative amount of three hundred thousand pesos (₱300,000) within the same year.

A Top 5,000 Individual Taxpayer is required to withhold from its regular supplier of goods and services. It does not include casual purchase of goods or services, that is, purchase made to a non-regular supplier or a single purchase. However, a single purchase of Php10, 000 or more, shall be subject to withholding tax. The term regular supplier of goods or services with whom the taxpayer made at least six (6) transaction, regardless of amount per transactions, either in the previous or current year.

The Bureau of Internal Revenue will determine and notify individual taxpayer that he/she will be classified as top 5,000 Individual Taxpayer if it satisfied any of the following criteria:

- a. VAT payment or payable, whichever is higher, of at least P 100,000 for the preceding year;
- b. Annual income tax due of at least P 200,000 for the preceding year;
- c. Total percentage tax paid at least P 100,000 for the preceding year;
- d. Gross sales of P10,000,000 and above for the preceding year;
- e. Gross purchases of P5,000,000 and above for the preceding year; and
- f. Total excise tax payment of at least P 100,000 for the preceding year.

Once notified in writing by the Commissioner that he/she has been selected as Top 5,000 Individual Taxpayer, it is required to submit the initial list of its regular supplier of goods or services within fifteen (15) days from receipt of the notice as one of the Top 5,000 Individual Taxpayers on the Revenue District Office having jurisdiction over their principal place of business. It shall also submit a list of regular supplier of goods/services on or before July 31 and January 31 for the first and second semester of each year, in diskette/CD format or through e-submission.

The Top 5,000 Individual Taxpayers are required to file returns and remit the taxes withheld thru Electronic Filing and Payment System (EFPS)

A taxpayer shall cease to be a withholding agent as Top 5,000 Individual Taxpayer when it submits to the BIR a notice of closure or cessation of all lines of business or fails to meet all the criteria enumerated herein and a notice of deletion is issued to him/her in writing by the Commissioner of Internal Revenue.

CONTACT DETAILS

DONNIES T. ALAS
Chairman / CEO
Email Address: donniesalas@rsm-alasoplascpas.com

MARYCRIS S. OPLAS
Managing Partner
Email Address: marycrisoplas@rsm-alasoplascpas.com

GLESIE R. MARTINEZ
Audit & Assurance
Email Address: glesiemartinez@rsm-alasoplascpas.com

EDEN CABRERA
Technical Manager
Email Address: edencabrera@rsm-alasoplascpas.com

ANNA LURENE B. SENDAYDIEGO
Internal Audit & Risk Management Advisory
Email Address: annasendaydiego@rsm-alasoplascpas.com

MARY GRACE L. VELANDRES
Accounting and Outsource
Email Address: marygracevelandres@rsm-alasoplascpas.com

NESSA M. OPLAS
Branch Manager, Bacolod Office
Email Address: nessaoplas@rsm-alasoplascpas.com

RICHARD HERNANDEZ
Tax Advisory Services
Email Address: richardhernandez@rsm-alasoplascpas.com

CINDY MADONERO
Executive Assitant to Partners
Email Address: cindymadonero@rsm-alasoplascpas.com

Makati Head Office
25/F Philippine AXA life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Telephone (632) 759-5090
Fax (632) 887-6180
eMail: aocheadoffice@rsm-alasoplascpas.com
Website: www.rsm-alasoplascpas.com

Bacolod Office
2/F St. Francis Center
Araneta Avenue, Singang
Bacolod City, Negros Occidental
Philippines 6100
Telephone (034) 432-3623
Fax (034) 434-8669
eMail: aocbacolodcity@rsm-alasoplascpas.com

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