Legal Watch

REVENUE MEMORANDUM CIRCULAR NO. 79-2026

Photo Credit: BusinessMirror

Agency Name

Bureau of Internal Revenue (BIR)

Issuance Title

Clarifying the Provisions of Revenue Regulations No. 24-2025 on the Imposition of Creditable Withholding Tax on Top Withholding Agents

Issuance Date

20 July 2026

Link

https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%2079-2026_redacted.pdf

SUMMARY

This Circular clarifies the application of Revenue Regulations No. 24-2025, particularly the preferential 1/2% creditable withholding tax (CWT) imposed on certain payments made by Top Withholding Agents (TWAs).

The 1/2% CWT rate applies when the supplier is either a manufacturer OR a direct importer of covered goods. For avoidance of doubt, the supplier need not possess both qualifications. Thus, a local manufacturer that produces and sells the specified goods, even without import activity shall be subject to ½% withholding tax rate, provided: (1) the goods are among those enumerated under RR No. 24-2025 and (2) the goods are intended for wholesale.

Goods are considered intended for wholesale when the supplier ordinarily sells them for resale, distribution, or further commercial disposition. The supplier's regular course of business is controlling, regardless of whether the TWA purchases the goods for resale or its own use. The regular 1% CWT rate generally applies when the supplier is engaged in retail sales or the transaction is retail in character.

Covered goods include motor vehicles, motorcycles, motor vehicle parts and accessories, FDA-regulated pharmaceutical products, pharmaceutical raw materials, and specified fuels and petroleum-related products. Milk is generally not considered a pharmaceutical product unless it is specifically formulated, labeled, and FDA-registered as a drug or therapeutic preparation.